Daily Report

Latin America

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FBIS-LAT-95-067 *7 April 1995*

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Salvadoran Foreign Minister Receives Backing for OAS Post

FL0704115695 Bridgetown CANA in English 1902 GMT 6 Apr 95

[FBIS Transcribed Text] Washington, April 6, CANA— El Salvador says its Minister of Foreign Affairs, Dr. Oscar Alfredo Santamaria, has the backing of five Latin American countries in his bid for the post of Assistant Secretary General of the Organization of America States (OAS).

The candidacy was formalized by the Permanent Representative of El Salvador to the OAS, Ambassador Jose Roberto Andino Salazar, in a note addressed to the Secretary General of the Organization, Cesar Gaviria Trujillo.

Attached to the note was a declaration issued by the presidents of Costa Rica, Guatemala, Honduras, Nicaragua and Panama in support of the candidacy.

The election for the second highest elective post in the OAS General Secretariat will be held during the 25th regular session of the Organization's General Assembly, scheduled to convene in Haiti on June 5.

The candidacy to the re-election of the current Assistant Secretary General, Ambassador Christopher R. Thomas, of Trinidad and Tobago, has already been presented.

The post of Assistant Secretary General has a five-year term, and there are provisions for a one-time re-election for a second five-year term.

Dr. Santamaria is a jurist and a notary. He has been Minister of Foreign Affairs of El Salvador since June 1, 1994 and is also a member of the Council of Ministers of the Central American Integration System.

Caricom-OAS 'Row' Over Position 'Resolved'

FL0704120595 Bridgetown CANA in English 2239 GMT 6 Apr 95

[FBIS Transcribed Text] Bridgetown, Barbados, April 6, CANA - A row brewing between Caribbean Community [Caricom] member states and the secretary general of the Organisation of Americasn States (OAS) over press reports attributed to the latter about the post of assistant secretary general, has been resolved.

OAS spokesperson Wesley Kirton, contacted by CANA Thursday [6 April], said the issue had been resolved, "and the matter is now closed".

The issue was expected to generate heated discussion in the OAS Permanent Council Thursday, but Kirton said it was settled, "without any confrontation".

"The Secretary General made a clear and unequivocal statement on the issue which is indisputable testimony to his neutrality on this matter. He is as pure and as neutral as one can be on this," Kirton said.

Kirton confirmed that letters from Trinidad and Tobago prime minister Patrick Manning, were sent to the OAS Permanent Council but he declined to discuss their content.

OAS Secretary General Cesar Gaviria was quoted in a Mexican news agency report as expressing support for the El Salvador candidate for the post of assistant secretary general.

Trinidadian Christopher Thomas, the current OAS assistant secretary general, has the backing of Caricom and some OAS members.

Mercosur Instability May Affect Chile's Decision To Join

PY0704115195 Sao Paulo GAZETA MERCANTIL in Portuguese 3 Apr 95 p 1

[Article by Maria Helena Tachinardi]

[FBIS Translated Text] The Common Market of the South (Mercosur) has been experiencing its most delicate moment since it went into operation on 1 January. Its credibility abroad has been threatened by Argentina's decision to collect a 3-percent statistical tax on all the Commmon External Tariffs (CET) taxes and by the Brazilian proposal to increase by 150 products the original 300 products it is entitled to in the CET exception list.

According to EFE, the Chilean Government believes there is no "entirely stable scenario for talks" with the Mercosur. Chilean official sources have added that the measures show there is a "certain flexibility of the main instruments that the Mercosur has implemented." Chile is the Latin American country that has advanced most in negotiations with the Mercosur to establish a free-trade area, the details of which will probably be ready before the end of June.

The Brazilian request has yet to be digested even within the Mercosur, as has become evident during the Common Market Group meeting, which ended in Asuncion early in the morning of 1 April. The three other partners have admitted the "urgency" of the issue and promised to give an answer with regard to it as soon as possible to allow the additional list of exceptions proposed by Brazil to go into force on 1 May. Argentina, however, posed conditions for accepting the proposal. According to Carlos Kesman, Argentine foreign trade under secretary, the tariffs of the new list of exceptions should not be zero to preserve the inter-Mercosur preferences. The list must have fewer than 150 products, and Brazil will have to continue consulting its partners about the products that it will withdraw from the CET list and place in the exception list every three months.

This scenario, which causes uncertainties in Chile, is aggravated by the volatility of Brazilian trade policy, particularly after the government increased to 70 percent the import tax on more than 100 products. Chile has a single 11-percent import tax.

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The main Mercosur test abroad will take place on 12 June, when the group will officially introduce itself to the World Trade Organization (WTO) in Geneva. On that occasion, the Mercosur will jointly support the adoption of the Argentine statistical tax, which establishes different levels of protection regarding an instrument of common trade policy, the CET. In addition, the Mercosur will have to explain to the international community, the extent of its exceptions to the CET list, which already totals 2,000 products. Ambassador Jose Artur Denot Medeiros, Brazilian coordinator of the Mercosur, admitted in Asuncion that "the larger the number of exceptions, the harder it will be to sell the idea of the CET to third countries."

It seems, however, that the Brazilian request for an additional list of 150 products will probably bring about new requests, such as the one made by Paraguay, which wants to add 200 more products to its original list of 399 products.

At the WTO, Brazil will also have to discuss with its partners possible compensation for having consolidated at 35 percent its universal tariff and for having recently increased to 70 percent the import tax on 109 products. According to Itamaraty, in the Uruguay Round of the GATT, Brazil promised to implement yearly reductions in the levels of consolidation for a period of five years in order to reach, in 1999, the maximum ceiling of 35 percent on most of its universal tariff. It was agreed that the tariffs in force in 1986 would be the base for calculation of the yearly reductions. That year, tariffs in force in Brazil were sometimes as high as 105 percent. Diplomats assert that the reduction process has left a sufficient margin of flexibility for eventual modifications.

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CEMAI Says Too Early To Assess NAFTA Impact on Economy

PA0604184595 Mexico City NOTIMEX in Spanish 1639 GNT 5 Apr 95

[FBIS Translated Text] Mexico City, 5 Apr (NOTIMEX)—The Commerce Secretariat has given assurances that the economic adjustment program the Mexican Government has implemented in no way adversely affects the opportunities NAFTA offers.

Jacobo Zaidenweber, president of the Mexican-U.S. Bilateral Committee of the Mexican Businessmen's Council for International Affairs (CEMAI), said it is still to early to assess the impacts the trade agreement will have on the national economy. While participating in the popular consultation forum "The Relations of Mexico with North America," he explained that the foreign trade data available do not allow us to infer any positive impact of the regional treaty.

Zaidenweber stressed that the trade surplus of the first two months of 1995 resulted from the combination of an undervalued exchange rate and the contraction of economic activities, instead of from a more open and smoother trade relationship.

The drastic reduction of U.S. exports to Mexico could force the exporting companies and workers of that country to exert pressure on their government to ensure it will pledge to support less contractive adjustment strategies, he assessed.

The businessman recalled that the World Bank regarded the situation that has characterized the current reality of the Mexican finances as the first globalization crisis with a view to the 21st century. It is a situation "that is occurring, with quite similar characteristics, in all those countries that experienced a foreign debt crisis in the 1980's," he pointed out.

During the forum, he underscored that regional integrations constitute another widespread phenomenon that is determining the future of Mexico.

Mr. Zaidenweber also explained that, on the one hand, we are struggling to increase free trade at the world level, and, on the other hand, countries tend to protect themselves and open their borders to regional trade partners, adding that if Mexico indeed wants to incorporate its products into world markets, it will have to face such specific development problems stemming from the international arena as the need to broaden the internationalization of the activities of many of its companies.

He maintained that Mexico needs to find new alternatives to finance development, avoid the negative effects of short-term international investments, and consider its position in the continent.

As for the problem with financing development, Zaidenweber pointed out that this problem is not new to Mexico, because since the 1970's, it has attempted to grow based on foreign savings. He also said that in the immediate future, Mexico will not have easy access to foreign investments to finance its development. This is why it must take advantage of domestic savings and reduce consumption levels.

The CEMAI member suggested that the future relationship between Mexico and North America will depend on the redefinition of its economic policies so that they will include an effective industrial and agricultural development strategy.

In addition, he assessed that the country needs a policy that will stimulate production, exports, and strategic alliances; will take advantage of productive internationalization conditions; will encourage direct capital investments; and will make the country commercially efficient in this area. The country also needs, he said, a policy that will protect, within the bounds the trilateral agreement and the World Trade Organization (WTO) allow, the national productions of those countries with which trade agreements have not been signed.

Finally, he asserted that as a general rule, a flexible policy is required to create favorable conditions to increase competitiveness in all sectors.

Commentary on Effects of NAFTA, Trade Surplus

PA0604202195 Mexico City XEW Television Network in Spanish 0430 GMT 6 Apr 95

[Commentary by Jose Antonio Perez Stuart, from the "24 Hours" newscast]

[FBIS Translated Text] A meeting was held between the Mexican president and the Canadian prime minister today. Both countries, along with the United States, signed a free trade agreement.

In January 1995, imports from Canada increased 43 percent, while Mexican exports to Canada only increased 23 percent. Mexico, however, reported a surplus. The difference between what it bought and what it sold was favorable to Mexico by $167 million. In overall terms, Mexico is expected to maintain a trade surplus in 1995. It will not be the product of an aggressive policy by its companies but of the increase in prices of foreign products as a result of the devaluation and a reduction of economic activity in Mexico.

The implementation of the North America Free Trade Agreement had forced Mexican companies to modernize themselves, which led them to buy machinery and other

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equipment abroad. In addition, to be competitive worldwide, many companies also imported raw materials at cheaper prices than those produced domestically.

However, in view of the stagflation we are currently experiencing and the devaluation of the peso, both types of imports have been practically frozen. It is expected that exports will increase Mexico's monetary reserves, which in December 1994 amounted to more than $24 billion. In late March, however, they decreased to a little over $6 billion even though the reserves had been nourished by resources from international organizations and the U.S. Government.

In 1994, Mexican sales abroad increased more than 20 percent without the need to make devaluations. It is nowexpected that because the prices of Mexican products have decreased as a result of an 100-percent devaluation, sales will truly increase. Something that should take place, however, is a decrease in interest rates to provide cheaper financing.

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Cuba

Spokesman Confirms New Round of Talks With U.S.

PA0604171195 Havana PRENSA LATINA in Spanish 1628 GMT 6 Apr 95

[FBIS Translated Text] Havana, 6 Apr (PL)—Cuba confirmed today that a new round of negotiations with the United States on migratory issues will start on 17 April.

Miguel Alfonso, spokesman for the Cuban Foreign Ministry, reported during a news conference that talks will be held in New York City, and he added that the Cuban delegation, as was the case on previous occasions, will be headed by Ricardo Alarcon, president of the Assembly of the People's Government (parliament) of Cuba.

This will be the third meeting between Cuban and U.S. representations to discuss progress in the fulfillment of migratory agreements signed by the two countries in September 1994.

Alfonso declined to say which issues the Cuban delegation will emphasize in this new meeting, and he pointed out that this is the traditional policy of the Antillean nation's government.

U.S. 'Intention To Expel' Diplomats

PA0604183695 Havana PRENSA LATINA in Spanish 1733 GMT 6 Apr 95

[By Javier Rodriguez]

[FBIS Translated Text] Havana, 6 Apr (PL)—There are pressures of all kinds to do as much as possible to create new turmoil in the relations between Cuba and the United States, Cuban Foreign Ministry Spokesman Miguel Alfonso said in this capital today.

During a news conference, Alfonso said that it is difficult to analyze from a logical point of view the reasons behind Washington's decision to announce its intention to expel more than six months later Cuban diplomats who were defending the immunity of the Cuban mission at the United Nations.

On 30 August diplomatic mission personnel repelled an attempt by a group of counterrevolutionaries to forcefully enter those facilities.

These incidents do not contribute to creating an atmosphere of normalcy and civilized ties, and the ultimate responsibility for what occurred falls on U.S. police authorities because of their inability to guarantee building security and the safety of its employees, he pointed out.

Alfonso said that so far, there is no official communique from Washington announcing the expulsion of diplomats or requesting their withdrawal, and he added that an administrative employee of the Cuban mission, whom they are also trying to involve in the incident, is vacationing in Cuba.

He also commented on the possible broadening of trade between Cuba and Russia that the foreign media announced, and he quoted previous statements by officials of his country about the interest of the two parties in developing bilateral relations.

Finally, Alfonso said that the recent European Union public rejection of U.S. attempts to reinforce the blockade against Cuba shows how such projects undermine the interests of old continent nations, although they are U.S. allies, and they also reflect the international rejection of these punitive measures.

UN Envoy Wants Meeting on U.S. Stand on Mission Officials

FL0604182595 Havana Radio Rebelde Network in Spanish 1700 GMT 6 Apr 95

[From the "National Radio News"]

[FBIS Translated Text] Bruno Rodriguez Parrilla, Cuba's permanent representative to the United Nations, asked for a special meeting of the committee on relations with United States to analyze the matter of security of the diplomatic missions and their personnel and to denounce the U.S. position on that matter.

Cuba's new rejection of the U.S. position this time has its antecedents in the grave incidents of 30 August, when a group of individuals from terrorist organizations forcefully tried to enter the Cuban mission building, an act that was impeded by the personnel of the mission themselves and not by the authorities who had already been warned of the situation.

In view of these incidents, the Cuban representation sent a letter to the U.S. mission in the UN demanding clarification and the adoption of measures. The U.S. response was silence. To a second Cuban note, the United States responded with the irrational demand of requesting the withdrawal of diplomatic immunity of some officials and that they face charges in a trial.

Rodriguez Parrilla stated that the fact that there is now an attempt to blame the Cuban diplomatic mission for those incidents is completely unacceptable. He energetically rejected the U.S. intention to have Cuba renounce the diplomatic immunity of the personnel who defended the locale of their diplomatic representation. He communicated just that to the U.S. mission to the United Nations.

Cuba hopes that responsibility and prudence will continue to reign and that the U.S. authorities will finally understand that the adoption of proper meassures to protect the security of the permanent missions and their personnel, without exception, is an obligation that comes from its condition as a diplomatic site.

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The issue has already been reported to the committee on relations with the host country. Cuba reiterates, once again, the demand that the United States adopt all necessary measures to end immediately all these vandalistic, intimidating, and aggressive acts against its mission.

U.S. Response to 30 Aug Incidents Rejected

PA0604220395 Havana PRENSA LATINA in Spanish 0301 GMT 6 Apr 95

[FBIS Translated Text] United Nations, 5 Apr (PL)—Cuba has rejected U.S. actions in response to a disturbance in front of the Cuban mission at the United Nations and has said that the pretense of blaming Cuban officials is unacceptable.

Bruno Rodriguez Parrilla, Cuba's permanent representative at the United Nations, has called for a special meeting of the Relations Committee and the host country to analyze "the security of the mission and its personnel" and to denounce the U.S. attitude in this respect.

This step has been taken because the U.S. has taken no action in response to a note sent to the U.S. mission at the United Nations asking that the situation be clarified and measures taken.

The U.S. response to a second Cuban note on the inaction and noncompliance with the agreement between the two parties to examine the 30 August events was an irrational request that diplomatic immunity be withdrawn from some Cuban officials and that charges be filed in court.

Speaking at the forum, Rodriguez recalled that Cuba [sentence as received].

He said that Cuban personnel prevented the group from entering the mission, something that should have been done by the authorities, who had been forewarned about the situation.

The Cuban ambassador said the arrival of New York policemen further complicated the situation because they had no plan or objective and insulted, abused, and used unnecessary force against mission personnel protecting the entrance.

Despite the fact that they were duly identified as Cuban diplomats, entitled to the privileges and immunity this entails, they were arrested, handcuffed, and taken to a police station.

Rodriguez reported that a few days later, at the talks in New York on migration matters between the Cuban and U.S. Governments, there were new acts of violence against the Cuban mission. This was also reported in a timely fashion to the U.S. representation, and again no measures were taken.

The ambassador noted that in addition to continuously filing charges and words of caution, Cuba has not ceased trying to meet with the authorities, including the U.S. mission at the United Nations, the city police department, and federal authorities to clarify the facts and take measures to avoid similar incidents.

He charged that this constructive position has gone totally unheard by the authorities, who have not only failed to take effective measures regarding the demonstration but have now issued a note stating that the Cuban officials who were defending their mission are facing charges from the New York City district attorney.

Rodriguez indicated: They are being threatened with expulsion from the country if they don't renounce their diplomatic immunity to face trial.

Rodriguez said blaming the Cuban mission for the disturbance when it was the result of the host country's failure to fulfill its responsibilities is unacceptable. The host country's responsibilities are set forth in a legal document freely signed to prevent and impede actions such as those that took place on 30 August.

Rodriguez said that Cuba vigorously rejects the host country's attempts to have the personnel who defended their diplomatic mission relinquish their immunity, and it has communicated this to the U.S. mission at the United Nations.

Nevertheless, he added, we hope that responsibility and prudence will prevail and that the U.S. authorities will finally understand that effective measures to protect the security of the permanent missions and their personnel, without exception, are an obligation stemming from its position as headquarters of this organization.

He said Cuba decided to make the issue known to the committee and to once more reiterate the demand that the host country adopt all appropriate measures to immediately halt these vandalistic, intimidatory, and aggressive actions against its mission.

Otherwise, he reiterated, all acts of this nature will be the total and full responsibility of the U.S. Government, attributable to its inaction and the nonfulfillment of its obligations as host country of the United Nations.

Ambassador Victor Marrero, representing the United States in that committee, denied there was an attempt to enter the Cuban mission, something that was even shown by local television. He described the incident as a peaceful demonstration, referring to the constitutional guarantees of freedom of speech.

In an exchange of arguments and counterarguments, Rodriguez Parrilla said the attack had been deliberate and premeditated, as clearly shown by the presence of the media, and the authorities should have been alert, especially in light of Cuba's repeated charges.

He remarked that if such actions occur again, the Cuban mission will take measures to protect its facilities and the

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security of its personnel and their relatives, including dozens of children who live and attend school in the building.

Rodriguez reiterated that rejection of the U.S. attempt to have the Cuban officials renounce their diplomatic immunity or have it withdrawn is the only possible response for a small, attacked, and blockaded country. He said it is the expression of all his people's decision to defend sovereignty and national independence at any cost.

As for the U.S. note that federal charges have been filed against the 30 August aggressors, he said only time and the final results will tell if the authorities are really willing to apply and enforce the law.

Cuba hopes, he said, that maneuvers and pretexts will not be used to prevent the trial from advancing toward the conviction of those individuals, in view of the fact that there are precedents for such actions in equally serious or worse cases.

He mentioned the planting of bombs in the Cuban mission in the 1960's, as well as in 1979 and 1980, and the assassination of an official in 1979, all of which were the responsibility of the host country, as it will be responsible if such actions occur in the future.

In view of the irrational demand by the United States, the committee called for a solution through dialogue and negotiations that are mutually acceptable to the Cuban and U.S. delegations.

Vietnamese Official Calls U.S. Blockade 'Immoral'

PA0604154695 Havana PRENSA LATINA in Spanish 1043 GMT 5 Apr 95

[FBIS Translated Text] Hanoi, 5 Apr (PL)—First Deputy Prime Minister Phan Van Khai today reiterated that his government rejects the U.S. blockade on Cuba and spoke in favor of a solution to the differences between the two nations.

"The U.S. blockade on Cuba is immoral," the official told PRENSA LATINA.

"Vietnam will also support Cuba, a country it regards as a friend," the top official stated while attending the inauguration of Hanoi's International Commerce Fair.

Van Khai voiced his hope that the long-standing differences between Washington and Havana will be solved at some time.

"I believe the differences between the two sides may be resolved," he remarked in that respect.

The deputy prime minister will speak next Friday during a meeting sponsored by the International Economic Tribunal to be held in Ho Chi Minh City (old Saigon).

The economic, financial, and commercial blockade imposed by Washington on the Caribbean state since the early 1960's has caused Cuba direct and indirect losses estimated at close to $40 billion, according to official figures.

The UN General Assembly condemned that policy in its last three assemblies and demanded that the White House lift it.

Journalists on Alfonso's Remarks on U.S. 'Incident'

FL0604203195 Havana Tele Rebelde Network in Spanish 1630 GMT 6 Apr 95

[Dialogue between correspondent Rey Rodriguez and Anchorman Carlos Iglesias, with recorded statements by Miguel Alfonso, spokesman for the Ministry of Foreign Relations; from the "NTV" newscast]

[FBIS Translated Text] [Iglesias] Comrade Rey Rodriguez was covering the regular news conference by Miguel Alfonso, spokesman of the Cuban Foreign Ministry, at the international press center. Among the topics discussed by Alfonso was the upcoming round of negotiations on migratory issues between Cuba and the United States. Rey, under what conditions are these talks going to be held?

[Rodriguez] Good afternoon, Carlos, and friends of the NTV. As Alfonso mentioned, just minutes ago, one of the main items was the announcement of the fourth round of negotiations between Cuba and the United States on migratory issues, scheduled for 17 April in New York. I might add that the Cuban delegation will be headed by Ricardo Alarcon, president of the National Assembly of the People's Government.

[Iglesias] Do we know who will head the U.S. delegation?

[Rodriguez] No, Alfonso did not give details on that; just as he did not give details on the specific issues that will be discussed in this fourth round which will begin on 17 April. However, it seems that all government officials, especially Comrade Alarcon, are aware of the importance of these contacts and that their purpose is to follow up on the fulfillment of the agreements established in August. I do not know if you agree with me.

[Iglesias] It might be good to remind viewers that this is the fourth round of talks. The first round was held in New York and from it we obtained the 9 September agreement on migratory issues between Cuba and the United States. Afterwards, other rounds were held in Havana and New York. These meetings will be the fourth round and they are being held in New York once again. The specific objective is to follow up on the previous agreements.

[Iglesias] As I was saying—and I believe this is what the Cuban side has always said—on the importance of these contacts, Carlos: I wanted to mention that something related to this fourth round of negotiations on migratory issues was a question asked by one of our comrades

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there. He asked if the announcement made in today's GRANMA newspaper of the Cuban Government's rejection of the U.S. behavior regarding an incident that took place outside the Cuban diplomatic mission to the United Nations on 30 August, could at any moment affect those talks. In other words, Cuba rejects the arbitrary behavior by the U.S. authorities towards the Cuban officials...

[Iglesias, interrupting] They are trying to expel them from that country.

[Rodriguez] Right. A comrade was asking whether this might affect the fourth round of negotiations in any way. Alfonso talked about this and he was very clear that one thing has nothing to do with the other. And I would like to show you some clips of his news conference.

[Begin Alfonso recording] Look, all these incidents, Batista [not further identified], obviously do not help create a climate of normality and of at least civilized relations. All this, as you have pointed out, comes or originates from the incidents—or in the 30 August incident and its aftermath—in which, as all of you know, a group of people staged themselves outside the Cuban permanent mission embassy in New York and impeded free access of Cuban personnel, putting the immunity of that locale in danger.

The video of the incidents clearly shows the details of what took place. I should underscore that the responsibility for those events falls upon the incapacity of the police authorities in the United States to guarantee the necessary protection to those diplomatic locales and the physical integrity and free access of the Cuban personnel to the site of the diplomatic mission.

All this was specified in a note that Cuba presented two days ago—[looks at his watch], I mean just yesterday—to U.S. authorities on the matter because a whole series of rumors have been going around in which some say that we must renounce immunity; that the Cuban officials must face trial, etc. They mention two Cuban officials, who are protected by diplomatic immunity, and one case of an administrative official, who according to announcements, is not protected under that immunity. I believe this administrative official is no longer in the United States. He is here in Cuba on vacation or concluding his mission. That is the information that I have regarding one of them.

It is important that I underscore that in this case...[pauses] first of all, we have not received any notification that a declaration of expulsion or a request to remove those officials from the United States has been issued. But it is important to remember what I just mentioned: the videos taken of the incident demonstrate that the U.S. authorities are responsible for what happened because they were incapable of fulfilling the elementary responsibility that a host country has to protect the diplomatic sites of all permanent missions; and to guarantee the personal protection of all accredited diplomatic officials and that of all the mission personnel; and to guarantee free access to that mission by our personnel. That is my reaction.

I reiterate, none of this helps foster a climate of tranquility but I do not believe it will have a direct effect on the meeting that begins on 17 April, since they will not analyze this issue. This has a different forum within the United Nations and in the bilateral plane. This meeting is to discuss the fulfillment of the 9 September migratory agreements. [end recording]

[Iglesias] Did Miguel Alfonso talk about any other issues?

[Rodriguez] Yes, Alfonso talked about Vice Foreign Minister Fernando Remirez de Estenoz, who participated in Vina del Mar, Chile, in the meeting of OPANAL. He also mentioned that next week, a delegation of Canadian parliamentarians will arrive in Cuba. And he mentioned the arrival of a Ghanese delegation and the arrival of the foreign minister of Sao Tome and Principe.

Ramon Castro: Sugarcane Crop Shows 'Positive Symptoms'

FL0604232795 Havana Radio Rebelde Network in Spanish 1000 GMT 6 Apr 95

[From the "Doing Radio" program]

[FBIS Translated Text] Ramon Castro Ruz, sugar industry ministry adviser, has stated that there are positive symptoms of recovery in Cienfuegos' sugarcane production. Castro added that if this tendency continues, there will be good sugarcane results at the end of this month. Castro stated that before the sugarcane fields were not protected, but now they are studied properly. This avoids their destruction; the areas planted increase; the fields are saved; and vacant areas are being planted. Castro pointed out that in the end, this will mean more sugarcane production.

In the meantime, the sugarcane complexes in Matanzas Province need to increase their grinding rhythm, based on a larger and steadier supply of raw materials, as well as by improving efficiency.

The sugarcane workers in Sancti Spiritus Province have completed 110 percent of the sugarcane planting program during the first three months of this year. These efforts are aimed at fulfilling the spring sugarcane planting campaign.

Foreign Trade Minister in London, Discusses Investments

FL0704021995 Havana Tele Rebelde and Cuba Vision Networks in Spanish 0000 GMT 7 Apr 95

[From the "NTV" newscast]

[FBIS Translated Text] Today, Cuban Foreign Trade Minister Ricardo Cabrisas, on an official visit in

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London, met with Secretary of State for Foreign Office David Davis [name and title as heard]. During the meeting—referred to as friendly by Cabrisas and Davis—issues of mutual interest were analyzed. The development of British investments in Cuba and the current situation of trade between Cuba and Great Britain were the two most important issues broached during the meeting.

Foreign Ministry Official Views ACS Ratification

PA0604034395 Havana PRENSA LATINA in Spanish 0834 GMT 5 Apr 95

["Exclusive" report by Clemente Nicado: "The Caribbean Jet Attempts to Take Off"]

[FBIS Translated Text] Formed eight months ago in the Colombian city of Cartagena de Indias, the Association of Caribbean States (ACS), the most ambitious Caribbean integration project, has yet to take off. Where are the problems?

Officials and experts on the topic have different reactions, but nearly all agree that this immense Caribbean project is experiencing difficulties at takeoff.

Reflections about the new organization were reawakened in March when Edwin Carrington, secretary general of the English-speaking Caribbean Community (Caricom), warned in Caracas that the "passengers" of this Caribbean jet must ratify the organization's agreement.

If the document is not ratified, the statesman categorically said, nothing can be done.

In a dialogue with PRENSA LATINA, Omar Morales, an official of the America Department of the Cuban Foreign Ministry who has been closely linked to the ACS since its inception, said the time it has taken is simply logical.

[Morales] I do not believe the ACS has taken too long to begin operating. Those who think so are unaware of the complexity of this integration process, which requires a number of technical steps and consultations at various levels which, if overlooked, would mean violating the country's Constitution.

[PRENSA LATINA] A Cuban expert in Caribbean affairs said the delay is also due to the haste with which this bloc was formed.

[Morales] In the past eight months since the signing of the document establishing the association, the agreement has been subject in each country to analysis by the various offices involved with the working program and the government institutions set forth by the laws of the member countries. In Cuba's case, the Council of Ministers and the Council of State were consulted, as the Constitution indicates.

[PRENSA LATINA] Do you believe everything is ready for Cuba to ratify the agreement?

[Morales] That is right. In the next few days, Havana will sign the document, and Colombia and Venezuela will do likewise. This will bring to 12 the number of countries that have ratified it. In my opinion, this step does not represent an obstacle to the operation of the new organization.

With the inclusion of Cuba, Venezuela, and Colombia, only five countries are needed to complete the necessary two-thirds of this bloc. I hope the required number will be reached, because the members of the Caribbean family have the political willingness to join.

[PRENSA LATINA] Carrington, a passionate promoter of this project, said recently in Caracas that nothing can be done if the agreement is not signed.

[Morales] Of course, because in the ministerial meeting that will be held in Guatemala, possibly in May, vital aspects for the association must be approved, and at least 17 countries need to have confirmed their adherence to the agreement. Therefore, Carrington's concern is logical.

Nevertheless, there were advances in the integrationist objective during the Caracas meeting, which was attended by 18 ACS members.

[PRENSA LATINA] In what sense?

[Morales] For example, the participants approved the provisional working program, the membership fees, the headquarters, the budget, and the organization's secretariat, which will be formed by 20 members, including six professionals, four area directors, and a secretary general. So far, there is one candidate for the position of secretary general. Trinidad and Tobago has already been selected to be the headquarters.

[PRENSA LATINA] Might it be said that the Guatemala meeting will culminate the preparatory process?

[Morales] I can assure you it will be very important. The first meeting of the Council of Ministers will be held in Guatemala. The Council of Ministers is the ACS' highest body and the only one empowered to approve the proposals from the experts who have been working on the technical details of the process.

Will the ACS finally take off after the Guatemala meeting, where it is believed the key components of the Caribbean engine will be adjusted? Time will tell, although there is an air of optimism in several Caribbean capitals, including Havana.

Facts About the ACS

- Founded on 24 July 1994, the ACS is made up of 25 nations of the Caribbean, Central America, and the Group of Three (Mexico, Colombia, and Venezuela). It also includes 11 nonsovereign territories which will participate as observers.
- It has a GDP of $500 billion annually. Its exports amount to $80 billion annually and its imports to $100 billion annually.

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- -This organization, which includes 202 million inhabitants, is fourth among similar organizations, after the EU, ASEAN, and NAFTA (Mexico, the United States, and Canada).
- Its objectives include policy coordination at the government and business levels to create a common market in the area and to promote investment and regional cooperation in the economic, scientific, educational, cultural, sports, and environmental protection areas.

Haiti: 'Now Murderers Do Not Respect Anyone'

FL0604232495 Havana Radio Reloj Network in Spanish 1944 GMT 6 Apr 95

[FBIS Translated Text] A psychosis of fear is present in Haiti related to the increased insecurity caused by the absence of policies—if they deserve that name—and the lack of a real judicial system. Everyday there are armed robberies and assaults, as well as homicides, the majority of which seem to be of a criminal nature. Due to this, the streets of Port-au-Prince are deserted at night.

During the three years of military dictatorship, violence caused the deaths of at least 3,000 people, according to U.N. sources. These crimes, fundamentally of a political nature, were against the supporters of Jean-Bertrand Aristide, and took place at the different shanty towns. Now murderers do not respect anyone.

On 28 March the death of Mireille Durocher Bertin, who opposed Aristide, and the rumors of the existence of black lists, with the names of people who are to be killed, have increased the atmosphere of insecurity.

Haiti

Aristide Meets With CEP, UNMIH, Parties on Elections

PA0604232795 Port-au-Prince Radio Metropole in French 1600 GMT 6 Apr 95

[From "The Midday Newscast"]

[FBIS Translated Excerpts] President Aristide, the CEP [Provisional Electoral Council], Mr. Lakhdar Brahimi, members of the UNMIH, and representatives of Haitian political parties met late this morning in the National Palace to discuss the electoral process. Let us listen to President Aristide welcoming his guests: [Begin Aristide recording, in Creole] I am pleased to welcome you because without you, the elections we are preparing would not be as credible, free, honest, and democratic as they ought to be. Whether it is a leader of a political party who wins or someone else who does not have as many points, the winner or the loser, [word indistinct] and I can even say that a winner and loser (?are) indispensable for honest elections. That is why in this democratic lesson, on the road we are taking together, the president, as the president of every Haitian, will do everything possible to listen to every Haitian, through the president's spokespersons, to find a solution with them so in the end, we will feel it was really a great rally in holding free, honest, democratic elections. [end recording].

UN Representative Lakhdar Brahimi guaranteed that the United Nations will support the Haitian electoral process. [passage omitted]. Electoral Council President Anselme Remy spoke on behalf of the CEP. [Begin Remy, in progress] ...the complaints, in our opinion, are legitimate and justified. We have tried our best to satisfy them or to correct the mistakes made in performing our tasks. In our meetings, we have considered some other complaints which we would not call frivolous but which were less important. They cannot affect the integrity or honesty of the process. Within the Council, the members are from various trends and the discussions are generally very intense and sometimes last for hours until late into the night. That is why decisions are not easy to make because several viewpoints, several trends, several orientations must be considered. That explains why some political parties are dissatisfied. What is clear, however, is that there is no will or vague impulse to deny any political party or social group the right to run for an electoral post or to support a given political sector. [end recording]

Trinidad & Tobago

Trade Union Warns Government Approaching 'Dictatorship'

FL0504140695 Bridgetown CANA in English 2215 GMT 4 Apr 95

[FBIS Transcribed Text] Port-of-Spain, Trinidad, April 4, CANA—The National Trade Union Centre of Trinidad and Tobago has warned that the Patrick Manning government is moving towards the establishment of a dictatorship in the republic.

According to president of the union, Errol Mcleod, the union "...views with great concern a tendency by the Patrick Manning government to remove all forms of opposition, strip the constitution of important guarantees against executive abuse of power and establish dictatorship in Trinidad and Tobago."

Mcleod on Tuesday, said that recent statements made by this country's minister of finance, Wendell Mottley, to the effect that "the trade unions should be removed" and by Prime Minister Manning that "the opposition should be removed", points to a dangerous inclination to promote the paramountcy of the ruling People's National Movement and the cabinet.

He said that "this is a tendency to affect adversely, the rights and freedoms guaranteed by the constitution and dislodge important pillars on which our democracy is based."

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Mcleod also said that the union's worst fears were confirmed by the government's approach to the issue of crime, violence and the drug trade.

He described the proposed constitutional amendment bill which is reportedly intended to deal with these issues as "an example of the government's agenda to remove important constitutional guarantees."

If the constitutional amendment bill is enacted in its present form, Mcleod said, it will set a legal framework for the violation of human rights including a denial of the citizens right to initiate legal proceedings against violations of his human rights unless he is allowed leave of the high court to do so.

Additionally, he noted that citizens would not be permitted to resort to the Court of Appeal against a decision of the high court unless he is first granted leave of the Court of Appeal to do so.

"Appeals to the Privy Council will, as a consequence, be abolished altogether and the Court of Appeal will become the final appellate body," cited Mcleod.

He also said that to give a single judge the power to determine whether a matter such as a constitutional motion can be heard, is "a dangerous proposition" which is compounded by a law that does not provide mechanisms to appeal the judges's decision.

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Helms Initiative Against Cuba Gives Businessmen 'Headache'

PA0704042795 Mexico City EL FINANCIERO in Spanish 5 Apr 95 p 16

[From the "Business Table" column by Herminio Rebollo Pinal]

[FBIS Translated Text] Regardless of how big-mouthed Republican Senator Jesse Helms may seem, at least a dozen prominent Mexican businessmen have a headache from his latest initiative against Fidel Castro's government.

The problem is that Helms, along with a group of 11 senators and 20 representatives, both Republicans and Democrats, demanded that the Clinton administration impose stronger economic sanctions against the island.

In addition to demanding that the White House chief promote an international embargo against Cuba before the UN Security Council, he recommended deducting from U.S. contributions to multilateral financial institutions any amount given to Cuba as a loan or contribution.

What would really affect Mexican capital would be denying entrance to the United States of any person involved in the purchase or use of U.S. properties confiscated after the triumph of the Cuban Revolution in 1959.

Helms goes even further by demanding that any person who has benefited from the purchase of properties confiscated by the Cuban Government be banned from doing business with the United States.

In addition, the initiative reportedly seeks to block any loan, credit, or financial assistance to foreigners purchasing U.S. properties on the island.

That is where the controversy begins. It is estimated that some 200 Mexican enterprises operate in Cuba. Not all of them, however, have properties on the island.

Among the firms that have made direct investments are Cementos Mexicanos, headed by Lorenzo Zambrano; DSC, by Bernardo Dominguez; Telecomunicaciones Internacionales, headed by Luis Nino de Rivera; Domos, headed by Javier Garza Calderon; Condumex, headed by Carlos Slim; International Textile Corporation, headed by Mauricio Fernandez and Daniel Tafich; Corporacion Internacional Comercial, headed by Jose Vicente Blanco; and so on.

Lawyers have different opinions about who could be directly affected. For example, the two hotels (Tuxpan and Bucanero) owned by DSC in Cuba were built long after the revolution began. They are, however, located on land owned by the Dupont family. There could be grounds for a lawsuit, which could be legally disputed due to the lack of payment of property taxes for 30 years.

In the case of cellular telephones, Telecomunicaciones Internacionales apparently can rest easy, because that type of communication did not exist 30 years ago.

Things are beginning to get complicated for Cemex, which apparently has rented a cement plant in Mariel.

Domos would be affected most as it owns 49 percent of the Cuban Telecommunications Enterprise (Etec). The complaint could come from AT&T or ITT.

With an apparent eye to such problems, many investments have been made through trusteeships. In those cases, the Mexican Government, through Bancomext [National Foreign Trade Bank of Mexico], has acted as trustee. That means that any U.S. complaint would have to be filed government to government, and that would shift the problem to another arena.

No matter what the outcome, the situation remains uncertain.

Senator Notes DEA 'Violation' of Fiscal Agreements

PA0604195195 Mexico City XEW Television Network in Spanish 0430 GMT 6 Apr 95

[From the "24 Hours" newscast]

[FBIS Translated Text] In Tijuana, the Treasury Commission of the Chamber of Deputies [as heard] reported improprieties in recent DEA operations. The DEA committed a flagrant violation of bilateral agreements on the exchange of fiscal information and the flow of money from one country to the other, during money laundering investigations involving several institutions and currency exchange agencies in Tijuana, Baja California, according to Senator Carlos Sales Gutierrez, chairman of the Senate Treasury Commission.

[Begin Sales recording] It is absolutely clear that the appropriate channel is through the U.S. Treasury Department and the Mexican Finance Secretariat. It is the Mexican financial authority that must carry out the investigation. Anything that any other agency does in whatever field, not only in financial matters, is obviously illegal and constitutes a violation. [end recording]

The entity to carry out the investigation should have been the Finance and Public Credit Secretariat, at the request of the U.S. Treasury Department.

[Begin Sales recording] This may be normal for the DEA, which in the end is an organization that pursues criminals using somewhat unorthodox methods. Then again, at times they may not be as aware as the U.S. Treasury Department of these mechanisms. [end recording]

The financial agreements provide for the absolute respect for the sovereignty of the two nations. However, the senator noted, Mexico must seek high-level discussions to establish why the DEA works beyond the control of its own government, transgressing our national territory, even when no arrests were made here.

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Zedillo Views Recovery of Confidence, Chiapas Talks

PA0604200995 Mexico City XEW Television Network in Spanish 0430 GMT 6 Apr 95

[From the "24 Hours" newscast]

[FBIS Translated Text] While in Dallas, President Ernesto Zedillo met with Mexican reporters, answering 11 questions from them. One of them was from Guillermo Ortega Ruiz, Televisa's special correspondent.

[Begin recording] [Ortega] Mr. President, my question has something to do with what you mentioned earlier, confidence. To what extent has the information you are directly giving to various groups helped regain the confidence lost in December? To what extent has your government been able to convince people that it has the capacity to confront and resolve the problems in the short term? In your meeting with businessmen, did you find they have enough confidence to take capital and nonspeculative investments to Mexico?

[Zedillo] I believe that providing clear, direct, and, obviously, reliable and truthful information always does much to reestablish confidence. That is why I personally—and I have asked the members to do the same—strive to maintain an adequate flow of information about what is occurring in our country. I have found that these direct contacts are very useful. I have found that the reaction is very positive among groups of businessmen. We are in fact experiencing a short-term problem, but the medium and long-term plans for our economy are being maintained and in some sectors they have even been strengthened by some of the measures we have adopted. This reinforces my confidence that this problem, which is very grave, will be overcome in a relatively short time and that beginning in 1996, our economy will be growing satisfactorily. [end recording]

President Ernesto Zedillo regretted that as a result of Mexico's financial problems, there are unfair or misinformed views about our country's situation.

[Begin Zedillo recording] I think reason will always prevail and in this case, Mexico is undoubtedly right. Unfortunately, we have seen in recent weeks, particularly as a result of Mexico's financial difficulties, that opinions that we consider unfair and misinformed have been expressed about Mexico's situation. That is why it is important that the people be informed through those who hold public office and through the Mexican media. This not only means that national public opinion but also international public opinion must be informed about what is occurring in our country and about the Mexicans' efforts to overcome these difficult circumstances and to soon face a different situation. [end recording]

The president was also asked what will happen on Monday, 10 April, the deadline for representatives of the government and the Chiapas armed group to sit down to talk. The president said Monday, 10 April, is an important but not decisive date.

[Begin Zedillo recording] First of all, I hope that before Monday, some contact or communication will be established to permit the continuation of the law. If that is not the case, in due time we will begin the necessary consultations with the legislative commission. I am sure that we will be able to find the way for the process we have begun to continue in a positive manner. Of course, I seriously and formally urge the EZLN [Zapatist National Liberation Army] to better understand the law that was promulgated by the Congress of the Union and to recognize that in that law, we both have a very valuable instrument to sit down to negotiate and reach definitive agreements that will bring about the just and dignified peace all Mexicans want. [end recording]

Central Bank Governor Releases First Quarter Statistics

PA0704034595 Mexico City LA JORNADA in Spanish 5 Apr pp. 1, 48

[Report by Roberto Gonzalez Amador]

[FBIS Translated Text] Bank of Mexico Governor Miguel Mancera Aguayo reported yesterday that in the first quarter of 1995, Mexico transferred $14.7 billion abroad in Tesobonos [Treasury Bonds] payments to foreign investors, public debt payments, bank liabilities, and nonbanking private enterprise stock.

He said that in the first quarter of 1995, without taking into account the $12.962 billion the government received during this period as part of the international financial aid package, the balance of payments capital account "shows a large negative balance," a trend that had not been seen since 1989.

The Bank of Mexico governor, who spoke during the Sixth Stock Market Convention, reported that between January and March, the government received $7.727 billion from the IMF and an additional $5.237 billion from U.S. financial authorities.

During this same period, the Mexican Government used $6 billion to pay off Tesobonos to foreign investors, and an additional $3 billion to service the public debt. Meanwhile, during that same period, bank liabilities equal to $4 billion and nonbanking private enterprise stock equal to $1.7 billion were paid out.

The figures, released by Mancera yesterday, do not agree with those released by Finance Secretary Guillermo Ortiz Martinez, who said yesterday in Jerusalem that during the first quarter, Mexico paid off public sector liabilities abroad amounting to approximately $15.6 billion, and "the private sector has also paid significant amounts of short-term debt."

Mancera told Mexico's stock exchange community that "it is possible" that the net amounts of foreign exchange entries and exits corresponding to other items in the

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capital account, such as direct foreign investment and credit to suppliers, has been positive by about $2.4 billion.

He added that the balance of payment current account "probably" has been near balance in the first quarter. This, he said, would explain the $701 million increase in the Bank of Mexico's international reserves from the 1994 closure to the March closure.

With these amounts, international reserves up to 31 March were $6.849 billion, which is 23.7 percent less than on 28 February, when it was $8.978 billion. This means a drop of $2.129 billion in international assets over the last month.

In his message to the annual stock exchange attendees, Miguel Mancera Aguayo predicted that interest rates, "at least the nominal ones," will be very high due to the sharp inflation.

He assured that any attempt by the central bank to halt the high cost of money would require a monetary expansion, and that would lead to greater inflation and devaluation, and eventually "to a inflationary spiral of catastrophic proportions."

The Bank of Mexico governor said a forced drop in interest rates would only be a fleeting solution.

That is why, he said, any economic decision "has an opportunity cost." We cannot have everything at once, he emphasized. "If one aspires to reach a goal, inevitably, others have to be abandoned."

In a tone of voice that sounded like a complaint and a justification, Mancera said: "Frequently one has a situation whereby the central bank is required to observe very strict rules regarding the amount of its own credit, while at the same time it is asked to immediately drop interest rates. In another case, pressure is exerted on the issuing bank to raise the value of the national currency on the exchange market, but to do it without losing international reserves or increasing interest rates."

Mancera concluded by saying that "one needs to accept a very strict monetary policy in favor of exchange rate stabilization, a quick drop in inflation rates, and an eventual reduction in interest rates. But one needs to also be aware that this cannot involve significant changes in interest rates, and there is a need to keep central bank meddling in the exchange market to a minimum."

Further on Central Bank Report

PA0704034895 Mexico City NOTIMEX in Spanish 0011 GMT 6 Apr 95

[FBIS Translated Text] Mexico City, 5 Apr (NOTIMEX)—The Bank of Mexico [Banxico] (Central Bank) today announced that as of 31 March the country's monetary base, in other words, the bills and coins in circulation, dropped 14.27 percent compared to the 1994 closure.

Banxico said that as of 31 March, the country's monetary base totalled 48.805 billion new pesos (approximately $7.284 billion).

In a communique, the Central Bank also noted that the country's international reserves dropped from $7.863 billion to $6.850 billion from 24 to 31 March.

The communique noted that one factor behind the reduction in reserves was the fact that during the last two working days in March, interest was paid on the government's foreign debt worth $603 million.

In addition, on 30 March, $403 million in Treasury bonds (Tesobonos) were paid off, and during the week of 24 to 31 March, commercial banks paid off credits worth $359 million.

The Central Bank reported that from 1 January to 31 March, the Savings Protection Banking Fund (Fobaproa) granted net financial support to commercial banks for $3.801 billion and for 12.339 billion new pesos ($1.841 billion).

From 24 to 31 March, Banxico credits to Fobaproa totaled 6.177 billion new pesos (approximately $900 million).

Commercial banks used those resources to acquire convertible subordinate obligations issued by credit institutions participating in the Temporary Capitalization Program (Procapte), the communique said.

The note added that the resources received by credit institutions were invested in Banxico in a special account and therefore will not cause a monetary expansion.

The Central Bank stressed that during the first three months of the year, the circulation of Tesobonos in the hands of public investors dropped $13.038 billion.

During the same period, the value of Tesobonos in circulation and banking credits in foreign currency dropped $18.014 billion.

That quantity was much higher than the financial assistance for monetary stabilization received from the IMF and foreign financial authorities, which totaled $13.467 billion.

Banxico noted that as of 31 March 1995, its net internal credit totaled 2.108 billion new pesos ($314 million).

That amount shows a reduction of 22.089 billion new pesos ($3.296 million) compared to the 1994 closure, when it equaled 24.197 billion new pesos.

Bank Repossessions Become Mechanism for Financial Recovery

PA0604191595 Mexico City EL FINANCIERO (Analysis Supplement) 5 Apr 95 p 3A

[Report by Elvia Gutierrez]

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[FBIS Translated Text] The repossession of debtors' property has become a banking system's parallel mechanism for financial recovery. The mechanism's true increase of 37.6 percent has made it possible to recover 3.702 billion new pesos, an amount that represents 8.5 percent of the total overdue portfolio as of 1994.

The banking system increased its efforts to lose as little as possible of its overdue portfolio. Three years ago, the repossession of property was insignificant, just 480 million new pesos, or 6.4 percent of the uncollectible portfolio at the time.

The country's leading banks have legally reasserted their goal of of recovering part of the resources that could become irrecoverable. For this reason, Bancomer's [Bank of Commerce] repossessed property increased by 53 percent last year, Banca Serfin's increased by 36 percent, Comermex's increased by 81.7 percent, and Banco del Atlantico's increased by 79 percent over the last year's figure. Banamex [National Bank of Mexico] was an exception because its repossession level decreased by 8.9 percent.

According to an economic investigation conducted by EL FINANCIERO and based on a National Banking Commission's report, the number of persons sued by banks has increased and, because they have been completely unable to meet their payments, they have been stripped of property they had acquired with bank loans.

The list of items is diverse and, according to a sampling taken at the banks, the latter have repossessed a wide range of property, from industrial units, houses, and plots of land to automobiles, electric appliances, video cameras, cameras, television sets, computers, video recorders, sound systems, bicycles, and jewelry, among others. This means that the legal measures used by the banking system in general aim at doing justice to the nature of the banks' business, that is to say, making a profit in every one of the areas where they are active.

Financial fragility is a latent problem in the Mexican banking system, as it can be observed from the portfolio classification. The minimum risk portfolio increased by 28.7 percent in 1994, while the maximum and irrecoverable portfolios increased by 39.2 percent and 70.9 percent, respeectively.

The ease of obtaining credit cards and handling bank services seems to have become a thing of the past. From now on, banks will be more careful in offering financing and approving direct, unsecured loans.

Banamex seems to have adopted a preventive policy in view of the increase in its overdue loan balances. A large proportion of its loans to enterprises has been granted under a clause stipulating that the debtor's insolvency will authorize the bank to immediately repossess the industrial unit.

Consequently, the loans approved by Banamex with collateral of industrial units increased by 106.7 percent in 1994, revealing an important contrast with those granted by Bancomer along the same line and which increased by 5.5 percent. The loans granted by Serfin dropped by 15 percent annually.

The domestic market's depression and the purchasing power's non-recovery are becoming two obstacles against the banks continuing to operate with a profit without having to resort to recovery schemes such as Investment Units, with which an attempt is being made to guarantee the bank's credits without inflation posing an obstacle.

The repossession of property, which in theory should be one of the last mechanisms that the banks should use to collect, has become the only alternative to partially recover the capital that the banks have lent at very high interest rates.

Secofi Releases January Foreign Investment Figures

PA0604185095 Mexico City EL FINANCIERO in Spanish 5 Apr 95 p 10

[FBIS Translated Text] The Commerce and Industrial Development Secretariat (Secofi) has reported that the foreign investments that came into Mexico in January 1995 amounted to $1.8389 billion, adding that this figure is the result of $1.8562 billion worth of direct foreign capital that came into the country and the negative balance the securities market registered, estimated at $17.3 million.

Secofi indicated that of the $1.8562 billion worth of direct foreign investment inflows in January, 41.5 percent was funneled to the manufacturing sector, while 34.5 percent was funneled to the services sector, 20.8 percent to the trade sector, 2.6 percent to the construction sector, and the remaining 0.6 percent to other sectors.

Analyzing the foreign capital allocated to the subsectors of the manufacturing industry, 67.7 percent of it went to the food, beverages, and tobacco subsector, and 24.7 percent went to the chemical industry.

According to Secofi, in the services sector, 84.3 percent of the direct foreign investment flows were basically allocated to financial services, insurance, and bonds, and 8.2 percent was allocated to professional, technical, and special services.

It also explained that the $1.8389 billion worth of foreign investments the country received in January came mainly from the United States and the Netherlands, which represented 47.1 and 28.4 percent, respectively, of that amount. The remaining 24.5 percent came from other nations.

Secofi issued an official communique stating that 96.8 percent of the direct foreign investment was registered at the National Foreign Investment Registry [Registro

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Nacional de Inversiones Extranjeras] (RNIE) and 3.2 percent at the National Foreign Investment Commission (CNIE).

It pointed out that 87.5 percent of the $1.7961 billion registered at the RNIE during the first month of the year corresponds to projects implemented over the last four-month period of 1994, because, Secofi explained, foreign investors have 47 business days to register their foreign investment inflows in the aforementioned registry.

Senate Reviews Advantages of Trade Opening

PA0604213695 Mexico City XEW Television Network in Spanish 0430 GMT 6 Apr 95

[From "24 Hours" newscast]

[FBIS Translated Text] The advantages of Mexico's trade opening were reviewed in the Senate.

The Mexican commerce undersecretary said the North American Free Trade Agreement has led to an increase in exports to Mexico.

The national forums to evaluate Mexico's trade treaties and agreements organized by the Mexican Senate are aimed at reviewing the situation and outlook of Mexico's trade with the rest of the world in view of the drastic changes in the country's economic situation.

Mr. Fernando Ortiz Arana, chairman of Grand Commission of the Senate, inaugurated the forums and spoke about the opportunities available for the country to participate in the world economy.

[Begin Ortiz recording] The possibilities we have today to solve our problems are based on the firmness of our principles and the strength of our institutions and our leadership and democratic capability. [end recording]

Jaime Zabludovsky, undersecretary of international trade negotiations of the Commerce and Industrial Development Secretariat, talked about the importance of exports for Mexico to begin stabilizing its economy.

[Begin Zabludovsky recording] The national economy is going through difficult moments, but an increase in exports is an alternative that has allowed companies to reduce the costs of its its adjustments. [end recording]

Mr. Luis German Carcoba, president of Business Coordinating Council, said the following:

[Begin Carcoba recording] The situation experienced by Mexico today promotes discouragement and frustration among the people but it is also an opportunity for us to reflect on our recent past which in one way or the other brought this crisis upon us. [end recording]

Businessmen, academicians, officials, and legislators are participating in the forums.

Official Says Capital Flow Problems 'Practically Solved'

PA0604202395 Mexico City XEW Television Network in Spanish 0430 GMT 6 Apr 95

[From the "24 Hours" newscast]

[FBIS Translated Text] In closing the 6th Stock Market Convention, Jose Julia Sidaoui, finance and public credit deputy secretary, affirmed that this month, the deficit in the current account will be very close to reaching a balance. He noted that as a result of the actions taken in recent months, the problem of capital flow is practically solved.

[Begin Sidaoui recording] The restoration of public finances is beginning to materialize. Preliminary information until February indicates the federal government's surplus has risen more than twice in real terms compared to the first two months of last year. [end recording]

Pointing out that monetary policy constitutes the anchor of the system, Mr. Sidaoui said it will aim at lowering the excessive volatility the exchange rate has experienced. The official said that in the face of the prevailing uncertainty, interest rates will remain high in the short term.

[Begin Sidaoui recording] The situation will continue until the investors adjust their expectations and the new monetary strategy gains credibility. [end recording]

Mexican Securities Exchange Chairman Manuel Robleda announced, in compliance with a proposal by President Ernesto Zedillo, that the Mexican Brokers Association will soon submit to the authorities a package of proposals, such as the modernization of the pension plan, since, he said, promoting internal savings cannot wait.

Official Details Telecommunications Draft Bill

PA0604171995 Mexico City NOTIMEX in Spanish 2006 GMT 5 Apr 95

[FBIS Translated Text] Mexico City, 5 Apr (NOTIMEX)—Government sources today reported that the Mexican Government will shortly present to the congress a telecommunications draft bill that will define private investment in and guarantee government control of the field. Deputy Communications Secretary Carlos Casasus has said that the proposal will be presented before the end of this month.

Questioned during the forum "The New French Telecommunications Technologies," the official said that Mexico will require about $250 million to replace one of its satellites, Morelos, whose useful life will end in 1998 and that, if the draft bill is approved, concessions to be granted to the private sector for the use of satellites will extend for 15 years, the devices' useful lifespan.

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The proposal seeks to establish a framework for the development of technology, "to progress toward greater competitiveness, to establish an honest procedure to grant concessions, to give investors juridical confidence, and to provide users with better service," he explained. He went on to say that the Communications Secretariat wants private capital to invest in four additional orbital positions for transmitting directly to homes. "We would like the private enterprise to invest in the various additional orbital positions. In this way, it would be possible to use them and give the Mexican people greater service options," he said.

On declaring the event open, Casasus said that Mexico has overcome the communications "bottleneck" and that this sector has now become the driving force of the country's economic development. He remarked, however, that Mexico must adapt its telecommunications juridical framework to conditions of competitiveness.

Regarding telephones, Casasus recalled that $10 billion have been spent in the past four years to update the telephone infrastructure and overcome the country's backwardness in the sector. During the same period of time, more than 1 million telephone requests were handled, and the country updated the infrastructure that makes it possible to apply digital technology to 83 percent of the lines.

French Ambassador to Mexico Bruno Delaye, who also attended the event, said that in the past few years, Mexico has experienced a truly significant evolution in the area of telecommunications.

The upgrading of telecommunications, the greater number of telephone lines, and the launching of the Solidaridad satellites indicate Mexico's desire to participate in the technological revolution, he finally said.

Landowner Leader: Food Production Could Drop 50%

PA0704044495 Mexico City UNOMASUNO in Spanish 5 Apr 95 p 3

[Article by Jorge Reyes Estrada]

[FBIS Translated Text] Jose Bonilla Robles, president of the National Confederation of Rural Property Owners [Confederacion Nacional de Propietarios Rurales—CNPR], said yesterday that the lack of liquidity and credit shortage facing the national agricultural sector is "terrifying." He added that these two factors could cause a thunderous 50-percent decrease in national food production, and they have already led to the rental of thousands of productive hectares.

Bonilla said that impoverished peasants who are not farming due to the lack of credits and liquidity have rented their plots to receive the economic support Procampo [Program of Direct Support to the Countryside] offers on the basis of a productive hectare.

During a news conference, he said the absence of Procampo funds, which were suspended, could create serious problems and added that this ambitious program must be adjusted for each kind of crop.

Bonilla said that another key reason for a possible drop in agricultural product prices is the implementation of the free trade agreement, because food exports have increased 38 percent since the treaty went into effect due to a deficit of agricultural products in the country. [sentence as published]

Bonilla read a document that he plans to give the secretary of finance and public credit on 6 April in an effort to substantially ease the effects of the economic crisis on Mexican agriculture.

The first point calls for the creation of a trust fund for the renegotiation of overdue portfolios by which the public sector will absorb 70 percent of the liabilities of rural property owners, as was already done with the agrarian sector.

He explained that the measure seeks to reduce pressure on peasants and to facilitate the flow of financing for subsequent agricultural cycles. If that does not happen, Bonilla added, the problem could provoke a serious social conflict of dangerous proportions.

Due to a strong decapitalization of the agricultural sector and the loss of profitability of all products, he also proposed that all credits include grace periods requiring no payments for at least three years, and two more years during which payments will be made exclusively on the principal.

Bonilla pointed out that high interest rates, even within the framework of the investment unit (UDI) scheme, are inevitable in nearly all activities in the country and that they put peasants at a disadvantage in relation to the country's trading partners.

Financing under such terms would ease most of the pressure created by rising costs, thus we expect the Secretariat of Finance and Public Credit [SHCP] to offer its support, he added.

The third paragraph of the document calls for increased SHCP efficiency and expresses hope that it will advance Procampo payments to peasants, which would greatly help those gathered in his organization. Bonilla added that peasants currently lack sufficient funds to start working and buying things needed to begin the production cycle.

The leader of 2 million small property owners said that in the case of certain crops such as beans, Procampo provoked a collapse of the peasant economy, because the 350 new pesos per hectare given to each peasant failed to compensate for the loss of tons of produce.

Bonilla also asked that Mexican farmers be paid the same amount for produce as foreign farmers to ensure that they have the necessary funds to continue their

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agricultural activities because the current crop payment plan fails to encourage food production.

He added that the country's small property owners owe more than 4 billion new pesos to various national banking institutions.

Alleged Gulf Cartel Member Shot Dead in Matamoros

PA0604194895 Mexico City NOTIMEX in Spanish 0451 GMT 5 Apr 95

[FBIS Translated Text] Matamoros, 4 Apr (NOTIMEX)—Even Ruvalcaba Ruvalcaba, an alleged member of the Gulf Cartel, was shot dead today by a person who apparently escaped to Brownsville, Texas, the police has reported.

Juan Jose Munoz Salinas, commander of the Judicial Police in Tamaulipas, said that according to preliminary investigations, Ruvalcaba received a bullet wound that pierced an unidentified artery when entering his home.

He said Jesus Alberto Jaramillo Sauceda, alias "El Vita," was arrested as an alleged collaborator in the crime.

Also under arrest is Juan Estevez Garcia, from whom the authorities confiscated one kg of marijuana, eight envelopes with cocaine, a .45-caliber pistol, as well as a uniform and Judicial Police credentials.

Ruvalcaba was the lieutenant of Sergio Gomez, "El Checo," against whom an arrest warrant has been issued for being one of the "top leaders" of the Gulf or Matamoros Cartel, led by Juan Garcia Abrego, owner of the defunct EL GRAFICO newspaper.

Munoz Salinas said Ruvalcaba was in charge of the finance department of the aforementioned newspaper and was also director of a local bank.

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Guatemala

Government Aware of CIA Involvement in Domestic Affairs

PA0604230295 Guatemala City PRENSA LIBRE in Spanish 6 Apr 95 p 8

[FBIS Translated Text] The Guatemalan Government, through spokesperson Silvia Tejeda de Jimenez, has admitted that the CIA has been involved in Guatemalan affairs since the 1950's and that the president was aware of this situation.

We cannot deny that the CIA has been operating in Guatemala, like in any other Latin American country, and that the president surely has been aware of it, she said.

Regarding the payments made by the CIA and the suspension ordered by U.S. President Bill Clinton, Tejeda said she hopes the investigations will lead to the truth, because the more we investigate, the surer we are that certain things are being concealed. How and what the money was used for are details that the institution does not reveal to outsiders, she added.

About the budget cut, she said it applied to insurgency but that the government continues to support the fight against drug trafficking.

Asked whether the aid was illegal, she replied: I hope the arrangements between the two sides can be revealed, because as far as I have read, not only military men but other members of Guatemalan society work for the CIA as well.

Finally, she said that the CIA will surely no longer intervene in insurgency affairs and that those who in the past participated in the government are the ones who should explain the type of CIA participation that took place.

Defense Minister on Relations With CIA, Alpirez Case

PA0604233795 Guatemala City Televisiete Television in Spanish 1900 GMT 6 Apr 95

[From the "Channel Seven News" newscast]

[FBIS Translated Text] Defense Minister Mario Rene Enriquez today confirmed that relations with the CIA have been positive and [words indistinct].

[Begin Enriquez recording, in progress] ...in the sense that relations between the CIA and the country's intelligence gathering agencies have always been good. In effect, there was some degree of [word indistinct], but mostly favoring U.S. interests more than Guatemala's. Support was primarily aimed at providing assistance to U.S. programs against drug trafficking, illegal aliens, money laundering, and so forth. We have always said that. I am also aware that aid, at least to the Military Intelligence Agency, has been completely cut off. I have no more comments on the issue except that I respect that decision, and that it was a sovereign decision. As result, of course, military intelligence will be unable to contribute effectively to the United States in the areas I mentioned. [end recording]

The defense minister also referred to the status of investigations in the case involving Colonel Alpirez.

[Begin Enriquez recording] In effect, the government has been conducting an investigation for some time now; not just recently, and not just because of statements made in the United States. Please bear in mind that 23 military officers were initially mentioned in connection with the Bamaca case. We have been investigating since 25 January, not just now. The investigation was first launched by the attorney general of the Republic, and in due time the prosecutor general also became involved [word indistinct] several of the 23 officers. I believe that the 23 officers are going to be summoned. Alpirez, who has been mentioned the most, is also under investigation. It is not as if we haven't been doing anything. It is as if everyone would like to see someone thrown in jail before there is even a trial. That is not the way it should be. I am not saying that is what the media wants. No. What I am saying it that there are many people interested in having Alpirez arrested, and that is it. But then what? We would be violating all legal procedures. [end recording]

Honduras

Bomb Threats Force Workers To Evacuate Buildings

PA0704020595 Paris AFP in Spanish 2348 GMT 6 Apr 95

[FBIS Translated Text] Tegucigalpa, 6 Apr (AFP)—Several false reports of bombs planted in government buildings created panic in downtown Tegucigalpa Thursday [6 April], causing hundreds of terrified people to vacate public offices and stores.

Telephone company manager Mario Maldonado said that the employees had to hurriedly leave the building after an anonymous caller warned that an explosive device had been planted on the second floor. Bomb experts inspected the building with trained dogs but found no trace of explosives.

Similar calls were received at three other buildings occupied by the Economy Ministry, causing the employees to flee and the closure of numerous nearby businesses.

On Wednesday afternoon, another anonymous caller warned that a bomb had been planted in a privately owned drugstore, also in the center of the city. The employees disregarded the call, but shortly thereafter a worker discovered a smoking package, which turned out to be a so-called propaganda bomb that disseminates leaflets upon exploding.

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The leaflets said that the Morazanist Patriotic Front, one of the large leftist guerrilla groups that operated in Honduras over the past decade, claimed responsibility for the action. In the leaflet, the Front reported a "political and military conspiracy" by the opposition National Party and Armed Forces sectors to "discredit" the liberal government of President Carlos Roberto Reina in his fight against corruption. The alleged Morazanists said that this "political and military" conspiracy also aims to eliminate the military service, something being debated by Congress.

Nicaragua

Sudden Death of Justice Robelo Complicates Political Game

PA0604154895 Managua BARRICADA in Spanish 5 Apr 95 pp 1, 2

[Report by Carlos Garcia Castillo]

[FBIS Translated Text] Local politicians have said that the sudden death of Liberal Justice Rodolfo Robelo Herrera complicates the local political game as it places the government at the crossroads of accepting the unconditional implementation of the *constitutional reforms* and acting as a *de facto* government.

The Executive Branch had resorted to the legal solution of the problem through the decision the Supreme Court of Justice must render on the validity of the *reforms* that several *amparo writs* have challenged, but the death of Justice Robelo has divided the opinions of the quorum necessary to have the Supreme Court of Justice render a decision.

Most lawyers who were consulted maintained that the Supreme Court had disintegrated and that the government has no other choice but to accept the *reformed Constitution* or act in a *de facto* fashion.

According to Deputy Reynaldo Antonio Tefel, the selection of the five justices of the Supreme Court will constitute the first trial by fire the government must face in this regard.

The deputies will select the five new justices within the next few hours, and the government will have to decide on the path to follow, Tefel maintained.

On 4 April, Presidency Minister Antonio Lacayo said the government will ignore the appointments of the five new magistrates. "Those appointments will not be legal, because the Supreme Court has not rendered a decision on the disagreement," Lacayo pointed out while showing an indication of what might be the government's political resolve.

A "Bogged Down" Government

In the opinion of Deputy Tefel, who is the first vice president of the National Assembly, the death of Justice Robledo left the government "bogged down," and it will have no choice but to accept the validity of the *reforms*.

Tefel confirmed that the political talks between the branches of the state have no possibility of being held because of the Executive Branch's refusal to recognize the *reforms*.

He explained that the Legislative Branch requested the postponement of the talks, which are being held at the UN quarters under the auspices of a group of diplomats, among the branches of the state.

This event was considered as a reflection of the tough positions the legislators have taken. The bloc chiefs yesterday decided to elect the five new justices of the Supreme Court, although, according to Tefel, the issue was not duly included in the agenda for technical reasons.

According to the regulations, the issues that will be included in a day's agenda must be submitted 48 hours in advance, but the *addendum* of the agenda—including the selection of the justices—was not distributed on time because of technical failures of the computer system." This is why the selection is scheduled for 6 April, Tefel underscored.

However, some bloc leaders maintained that the issue of selecting the justices will be discussed today, which was interpreted as a bloc chiefs' attempt to remove the current Board of Directors by carrying out administrative duties that do not concern them.

The discrepancies between the Board of Directors and the bloc chiefs are marked, in some way, by the leadership of the three-party alliance struck by the UDC [Christian Democratic Union], Alfredo Cesar's UNO [National Opposition Union], and the deputies who follow Sergio Ramirez.

For instance, Deputy Cesar yesterday questioned the decision the bloc chiefs made on having Deputies Miriam Arguello and Jaime Cuadra Somarriba join the official bloc. Likewise, a group of deputies asserted that continuing with the talks makes no sense as long as the government refuses to accept the implementation of the *constitutional reforms*.

Panama

Architect Comments on Government City Proposal

PA0404185795 Panama City Circuito RPC Television in Spanish 1200 GMT 3 Apr 95

[Interview with architect Ramon Adames, of Panama's Econoplade Company, by Hugo Famania at the RPC studio in Panama City; from the "Waking Up With the News" program—live]

[FBIS Translated Text] [Famania] You have already presented to the Housing Ministry a proposal on the government city, if memory serves me correctly. I want to know

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whether this proposal is a private initiative or part of the government announcement for a government city.

[Adames] This initiative is in keeping with the government announcement for a government city. The Econoplade Company has presented a proposal that goes beyond the 100 hectares the government has proposed. We propose that at least 400 hectares are needed to establish a true government city.

[Famania] Why?

[Adames] Because 100 hectares can house only government buildings and after 1600, when the employees leave for home, it will become a dead city. We believe 400 hectares, including space for housing, a civic center, stores, services, hotels, squares, and recreation areas would enliven the government city the rest of the day.

[Famania] What incentives, for example, would there be to build a hotel in this place?

[Adames] There are good incentives. Many people come to make transactions with the government and would lodge in a hotel near the government city. The government city we are proposing would be ecotourist in nature; it would be simultaneously ecological and touristic and would also finance itself.

[Famania] What would this be like and how would it work?

[Adames] It would be ecological, because flora and fauna would reign there. We cannot destroy what we now have in the Canal basin....

[Famania, interrupting] In other words, the environment will be respected.

[Adames] The environment will be respected; that is correct. This aspect is contemplated in the design. Moreover, buses there will not spew black smoke. We would have small air conditioned buses, probably a small train. That is what we have planned.

[Famania] How many lanes would the streets have, for example?

[Adames] There would be streets of various sizes, depending on the place. We have planned different kinds of streets. It would be touristic, because it would be 2 km from the Canal, and with all the services I mentioned, we definitely want this to become a model city among the government cities.

[Famania] Clarify something for me. I understood the city would be transferred, I mean, the ministries would be transferred to a reverted area with buildings already in place. It seems you are talking about building new ones.

[Adames] Correct, and by the way, that is a deficiency of the state. It fails to guarantee good operation, because it always.... [pauses] The state, for example, pays $17 million, $12 million of which are in the metropolitan area, per year renting buildings to house its offices. These buildings were not designed for this purpose but were improvised. If you go to any ministry or state institution to make a transaction or obtain a document, you end up frustrated, because they cannot fully meet your needs, and this point is the real reason: inefficiency of the very design of the building, which was not designed for this purpose.

[Famania] What would be the difference with buildings built specifically to house ministries?

[Adames] We believe we would achieve a 30 percent efficiency rate; this cannot be gauged in monetary value but could be from $20 million-$30 million. You would be attended quickly.

The buildings which we have designed, which we are proposing are intelligent buildings. They must be in fashion, modern ones. They should be designed for our climate, should be responsive to the surroundings, the internal micro-climate; that is, the air conditioner should work well, and there should be a pleasant habitat. People who go there to obtain a document should be attended quickly as a result of this design. Moreover, we believe they should have three or four underground levels as opposed to tall high rises.

[Famania] Why? What is the difference between....

[Adames, interrupting] Because tall buildings always face the problem of broken elevators and blackouts. How will you carry out a transaction on the 17th floor? How will you get there if you are 50 or 60 years old?

[Famania] The main criticism is investing millions in building a city of this kind. People wonder whether this is profitable in comparison to the amount the state is spending for rent. Have you studied this point?

[Adames] That is specifically the reason. If 100 hectares are used, it will be difficult to recover cost, but if 400 hectares are used, including land to sell to the embassies, services, hotels, and housing around the project.... [pauses] Plots that are already urbanized would be sold, and the project would finance itself. The state would stop paying rent after the first four years and could invest that amount to amortize the buildings that will belong to the state.

[Famania] What kind of investment will the construction of this city require?

[Adames] We have calculated it will cost about $250 million-$300 million.

[Famania] When will that money be reimbursed? You did say this project would finance itself.

[Adames] It would finance itself. The state would own the project in about 20 or 25 years.

[Famania] I see, 20 or 25 years. What are the advantages of the government having a government city?

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[Adames] Efficiency, as I said, is one. The other could be the 15,000 direct jobs the government city would produce, plus the permanent jobs that could come later. As you know, Panama City is elongated; thus, public services, such as transportation, refuse disposal, and such, are expensive. That makes everything else expensive. There could be another advantage here. The fact the government city will be located north of Fort Clayton could make it the center for development, an aspect which would make the city become a little more circular, thus making it a much more efficient city.

[Famania] That is all very well, but we must remember our public servants who earn a low wage and live on the outskirts of the city. They barely make it to the center of town as it is. They would have to provide for an increase in their expenses, because they would have to travel all the way to the government city. Have you taken that point into consideration?

[Adames] There are different ways of looking at this economy. Part of the savings will be for the people, but we cannot calculate how much that might be. Building the government city would pull 20,000 vehicles off the roads within the city. More than 1,000 new vehicles drive onto our streets every month. Taking 20,000 vehicles and directing them toward the government city along the Northern Corridor, the construction of which makes much more sense thanks to the government city, will benefit the people.

[Famania] In conclusion, sir, how long will it take to build this city?

[Adames] Four years.

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Argentina

Vice Foreign Minister on Patents Bill, U.S. Ties

PY0604214195 Buenos Aires TELAM in Spanish 1356 GMT 6 Apr 95

[FBIS Translated Text] Buenos Aires, 6 Apr (TELAM)—Vice Foreign Minister Fernando Petrella today assigned a 10-point rating to the relationship between Argentina and the United States despite the criticism leveled by various government officials of the Bill Clinton administration against the approval of the patents bill.

Petrella noted that, "on a scale of 1 to 10, I assign a 10-point rating" to the relationship existing between the two nations. He emphasized that the disagreements over the approval of the patents bill "do not involve a strain in the relationship, but rather increased strength."

The vice foreign minister told Radio America: "The level of cooperation with the United States in other areas is extremely sensitive and has positioned us as a very close ally."

The vice foreign minister noted: "Smooth dialogue channels, at all levels, indicate that this relationship continues to be excellent."

Petrella was asked about remarks made by U.S. Trade Representative Mickey Kantor, who criticized the patents bill approved in Congress, and about the remarks made by U.S. Ambassador to Argentina James Cheek, who warned that, with the approval of this bill, investments will stop coming to our country.

The vice foreign minister indicated: "The U.S. Embassy in our country has been and will continue to be an invaluable channel to top U.S. Government officials."

With regard to a letter sent by Kantor, the Argentine vice foreign minister noted that the letter expresses "great concern, but not threats" over the congressional approval of the patents bill.

Asked about the possibility of a presidential veto of the patents bill, Petrella responded: "At my level, I have not heard of this type of solution" to the U.S. criticism.

Petrella believes the bill approved in Congress "conforms to the GATT," but admitted that "it may have interpretation problems that might be appropriate to resolve."

Petrella also announced that the Argentine Government will conduct "all the negotiations possible" to prevent its inclusion "in the ill-famed list" of countries sanctioned or punished by the U.S. Congress.

Concerning the patents bill, Petrella added: "Thus far, we have been avoiding inclusion in this list and we hope that our very good relations and our permanent dialogue with the United States will allow us to achieve a reasonable agreement."

Asked about a possible "impasse" on the IMF loan for Argentina, if the patents bill is not changed, the vice foreign minister said: "Everything involving the U.S. executive branch is not of such a type or nature as to halt or stop foreign credits."

Pharmaceutical Laboratories Center Head on U.S. 'Pressure'

PY0604215395 Buenos Aires NOTICIAS ARGENTINAS in Spanish 1522 GMT 6 Apr 95

[FBIS Translated Text] Buenos Aires, 6 Apr (NA)—Pablo Challu, the Argentine Industrial Center of Pharmaceutical Laboratories (CILFA) head, emphasized today that, even if the Executive Branch vetoes the conflictive points of the recently approved pharmaceuticals patents bill, "the United States will not stop exerting pressure on other issues." He noted that those congressmen who think otherwise "are living in fantasies."

Even though he admitted that the U.S. pressure "is reaching extraordinary levels," the CILFA representative indicated that the U.S. threat of removing economic assistance from Argentina "involves extremely serious words, but not deeds."

Challu explained: "International organizations cannot be misled by these issues, and they have never done it. We actually are aware of some loans that might be cancelled by U.S. agencies, but it is highly improbable that the IMF and other agencies will follow suit."

Agreeing with Vice Foreign Minister Fernando Petrella, who noted that, at this moment, the government is not talking about vetoes of the articles involved, Challu emphasized: "President (Carlos) Menem will not veto them because he has always had a very firm attitude on this issue."

In remarks to a radio station, the former industry and commerce secretary noted: "We hope the essential articles will not be vetoed. And if there is any government official who believes that, by vetoing these articles, the U.S. pressure will be overcome, he or she is living in a fantasy."

In this regard, Challu added that, if the U.S. requirements are accepted, the country to the north "will continue to exercise pressure" and there would remain a law "that is completely distorted, in which the equilibrium to protect consumer prices would disappear."

Challu said in conclusion: "There is nothing that will satisfy them, as they will be trying to get the most out of this issue and, if we make any concessions, we may have some rest now, and then they will continue to exercise pressure again."

Cavallo: Financial Storm Will Strengthen Economy

PY0604191795 Buenos Aires TELAM in Spanish 1432 GMT 6 Apr 95

[FBIS Translated Text] Buenos Aires, 6 Apr (TELAM)—Economy Minister Domingo Cavallo said today that the

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country is overcoming the storm produced by the "tequila effect," adding that a stronger financial system will be the result.

The minister told Radio America: "We are overcoming a very strong summer storm." He said this will help us "to improve a rather weak aspect of our financial institutions."

Cavallo said the bill to amend the Central Bank organic law "will give us all the needed instruments" to "organize a good system of guarantees" and grant "protection to savers."

The minister said we need a system that "will not be a subsidy from well administered banks to badly administered institutions, but something equitable to protect savers."

Referring to the bill approved by the Senate last night, Cavallo said we also have "a system for last resort loans to banks—not to save bankers, but to reestablish credit worthiness."

The minister said: "Legally, we can implement the law at any time" but the Central Bank still needs days or weeks to establish the appropriate regulations based on all the studies at hand.

Cavallo said: "A system of guarantees is like an insurance policy. It requires contributions to create a fund, which implies costs for entities and we must find a just balance."

The minister then criticized some reporters who last night started explaining how the guarantees will work, adding: "Everything people are told today is false. We only have an authorization to create a system of guarantees, but the system is still not working."

Cavallo then said: "We will fully explain how it works when the system becomes operative so that depositors can know exactly what they are dealing with."

Cavallo said: "In Argentina we have an unheard of climate of stability," adding that we "have not had a climate like this in the past five decades."

The minister said: "We have just ended a year (1994) with 7.1 percent growth."

Cavallo said: "Fiscal discipline is taking root in the provinces and people increasingly realize that to improve education and health we must become more efficient, not necessarily spend more."

Cavallo dismissed "those who say we are immersed in a terminal crisis, that the convertibility plan is finished, that this year we will have a recession." He said those people "do not know what they are talking about."

Cavallo said "Argentina is seen as the country that proves reforms in Latin America have been good and that we did not throw stability and growth overboard."

Cavallo-Roque Fernandez Crisis Friction

95SM0268A Buenos Aires CLARIN in Spanish 24 Mar 95 pp 10-11

[Article by Marcello Bonelli: "Closed Door Quarrel"]

[FBIS Translated Text] It is not as nasty as the confrontations between Erman Gonzalez and Domingo Cavallo. Nor does it have the exposure of the feuds between the minister and Martin Redrado.

It is, however, a sharp argument, and at times in private it resembles the others. But it respects the introverted personality of one of the participants. And it takes into consideration the seriousness of the times, which requires all members of the economic team to act prudently.

This is why the argument is taking place in complete silence. The dispute between Cavallo and the head of the Central Bank (BCRA), Roque Fernandez, is an unexpected one.

It revolves around the following differences:

—Cavallo criticizes the directors of the Central Bank for having misdiagnosed the condition of the banks and for having made mistakes.

—They now have differing opinions about the strategy that needs to be pursued to put the financial system on the right track.

—Roque Fernandez argues that all they need do is to apply the orthodox prescription and allow the market itself to purge the system. He contends that the situation is not as serious as traders claim.

—In the beginning Cavallo espoused this position. He changed his stance, however, because he realized that if the government does not act, the insolvent banks could drag down the solvent ones.

—Cavallo became angry, though, when the Board of Directors took shelter behind the independence that the Organic Charter of the Central Bank grants it to ignore the initiatives and change of strategy that the Economy Ministry is advocating. "That is what I get for appointing Chicago people," a testy Cavallo has said many times to several of his colleagues. He also aimed his guns at directors Pedro Pou and Eduardo Pendas.

The feud intensified a couple of weeks ago and on Tuesday prompted the minister to make an internal decision to trim the monetary authority's independence.

This important decision meant the following: the Board of Directors of the Central Bank cannot take any action unless it has been approved in advance by an oversight committee that has been created in the Economy Ministry.

Juan Llach and Horacio Liendo are in charge of monitoring the board. They meet every day with two representatives of the Central Bank to analyze and discuss the steps that are to be taken in the troubled Buenos Aires financial district.

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The minister struck another blow at the monetary authorities' powers. He resolved that no one in the Central Bank will work on setting up the strategic "banking system support fund."

This is a key move in restoring confidence in the banking system, but Cavallo entrusted it to a man who does not work in the Reconquista building: Roque Maccarone. He delegated the job to the finance secretary, because his views were identical to the advice that the former head of the New York Federal Reserve Bank, Gerald Corrigan, gave for resolving the bank crisis.

One detail symbolizes the issue. Fernandez had only sporadic contacts with Corrigan. The most important was a luncheon that Horacio Liendo organized to iron out differences and keep up appearances.

Most of the officials in the Economy Ministry contend that the turmoil will not get out of hand.

They feel this way because they received an order from the minister. He asked his colleagues to do the following: not to give the public the impression that there were internal rifts at key junctures for the convertibility system.

Bankers have a different take on the short-circuit, however. They contend that Fernandez right now still has his post only because of the job stability that the Central Bank's new bylaws accord him.

"Someone has to pay for all of the mistakes that the Central Bank made and that hastened the crisis," bankers like Norberto Peruzzotti are saying in private.

On Wednesday members of the Association of Argentine Banks were howling about the resolution that impeded the use of checks and created renewed uncertainty about the system. The BCRA resolution was one of the reasons why Cavallo set up the oversight committee in the Economy Ministry.

The measure unquestionably cuts short a bank rollover scheme. But the bankers say that it is untimely: it prompts uncertainty about the banking system just when the government and the private sector (which unexpectedly chipped in $1.1 billion) are making an effort to rebuild savers' confidence in the banks.

The last day of heavy deposit withdrawals was 14 March. Between Wednesday and Friday of last week the sound banks increased their deposits, although the outflow continued at the small ones. On average, though, deposits were up.

The trend continued until last Monday. It stopped on Tuesday, however, when the Central Bank circular about checks became known. Wednesday saw an incipient decline in deposits throughout the market, and yesterday bank shares were the ones that dropped most sharply on the stock exchange.

In spite of all this turbulence, some incredible things are happening in the banking system. The board of the Central Bank and the main local bankers have not been talking for a month now.

They broke off their talks almost by mutual agreement in late January. However, Pedro Pou made the first move from the Central Bank when he argued that the bankers were trying only to take advantage of the situation.

He admits as much in private to the Central Bank board: "The financiers want to live off the BCRA."

The heads of private banks and of foreign banks have also decided, for the moment, not to turn to Roque Fernandez. At their periodic meetings in these troubled times the financiers stress that it is impossible to talk to a wall.

Hence, the bankers made a political decision in recent days. They began consulting with Enrique Folcini, Ricardo Lopez Murphy, Ricardo Arriazu, and Jose Machinea to work out strategies that will calm the markets.

The issue is of concern to the administration. Carlos Menem himself has opened one channel of dialogue with the financial district. His intermediary with the bankers is the secretary of Peronism, Alberto Kohan.

"What is your opinion of the Central Bank's performance during the financial crisis?" Kohan asked at the first meeting. He heard a flood of criticism at the meetings he held at the Association of Argentine Banks and the Argentine Banking Association.

Contact with the bankers is of key importance to the minister. He needs them now to expedite the loan from foreign commercial banks.

William Rhodes told the minister as much. The banks will put up the money. But they are holding back their support, as they are pressing for something unexpected: an increase in the external interest rate of the Argentine bond.

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Election Primary Process Changes Seen

95SM0268B Buenos Aires CLARIN in Spanish 24 Mar 95 p 11

[Article by Rosendo Fraga: "What Is Changing in Politics"]

[FBIS Translated Text] Over the past few weeks the political parties have held several "internal" elections to nominate candidates for the 14 May balloting: the national primary held by Frepaso, the primaries of the Justicialist Party (PJ) in the Province of Buenos Aires and the Federal Capital, and the primary of the Radical Civic Union (UCR) in the Federal Capital.

The Frepaso vote on Sunday, 26 February was an open primary in which all registered voters could cast ballots whether or not they belonged to Frepaso and without prior registration. Jose Octavio Bordon's victory, therefore, showed the growing importance of the political mobilization of independents and the increasingly relative weight of the party machines. The fact that half a million people voted in the primary election of a group lacking both tradition and a party structure, under a little known arrangement, and on a Sunday in February, was unquestionably a success for Frepaso.

The Traditional Style

One week later, on Sunday, 5 March, the Justicialist Party held its primary in the Province of Buenos Aires; it was a traditional primary, as only registered party members could vote. Some 750,000 of them did. In other words, 200,000 more persons voted in this primary election restricted to Buenos Aires Justicialists than in the Frepaso primary; this is almost as many as voted in the UCR's national primary in November, when 800,000 people cast ballots and chose Horacio Massaccesi as their party's presidential candidate. Thus this primary showed that Eduardo Duhalde controls the country's most important political machine and that it continues to play a decisive electoral role, given that the Province of Buenos Aires accounts today for 38 percent of the vote nationwide and that Duhalde is projecting a future vote close to the 60 percent that he got at the 2 October plebiscite.

The PJ held its primary in the capital on Sunday, 12 March; it was an open primary, as nonparty members could vote but only if they were registered, as in primaries in the United States. The ruling-party slate won with 60 percent of the vote, backed as it was by leading PJ and administration figures: vice presidential candidate Carlos Ruckauf, Interior Minister Carlos Corach, and Buenos Aires Governor Eduardo Duhalde. The slate backed by former Interior Minister Gustavo Beliz got 40 percent of the vote, thus achieving minority status. In this instance Duhalde's machine was not strong enough to prevent the groups that are challenging the PJ's capital city machine from securing minority status.

Lastly, the UCR held its primary in the capital on Sunday, 19 March, and Fernando de la Rua won the nomination for mayor, though only one-third of registered voters cast ballots.

The Frepaso primary on 26 February showed that the machines are not strong among independents. The PJ primary in Buenos Aires on 5 March showed that the machines were still a force, whereas its primary on 12 March in the capital again showed their relative importance. The two primaries in the capital revealed that the major parties are not able to mobilize much support in this district.

The fact is that the mechanism for selecting the candidates of Argentina's political parties is in the midst of changes. There are more and more open primaries of various kinds, and independents are showing a growing desire to take part in these elections, especially the middle class, as in the case of those who voted in the Frepaso and PJ primaries in the capital. But this trend toward renewal coexists with the survival of traditional political machines.

Polls Agree Menem To Win; Cannot Agree on Second Place

PY0604213795 Buenos Aires LA NACION in Spanish 5 Apr 95 p 7

[Article by Fernando Laborda]

[FBIS Translated Excerpt] The difference that separates Carlos Menem [Justicialist Party—PJ] and Jose Octavio Bordon [Front for a Country in Solidarity—Frepaso] is, at this time, the conundrum that is dividing opinion among the pollsters, although for the time being all agree that the PJ will win in the first round of the elections.

A 20-point advantage is presumably what Julio Aurelio, Mora y Araujo, and Hugo Haime have given the president in their most recent polls, while a 12-point lead has been projected by the CEOP [Center for Public Opinion Studies] firm of consultants.

This difference could be due to the date on which the polls were taken. While the first three firms of consultants carried out their polls at the beginning of March, the latter concluded its poll on 24 March.

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As has opportunely been reported, with the projection of the possible vote of those who are undecided, the CEOP gives Menem 41-42 percent, Bordon 29-30 percent, and the Radical [Radical Civic Union] Hugo Massaccesi 18-19 percent.

On 7 March Julio Aurelio forecast 45.9 percent for Menem, 26.2 percent for Bordon, and 18.5 percent for Massaccesi.

At the same time, Mora y Araujo predicts 46 percent for the president, 26 percent for Bordon, and 23 percent for Massaccesi.

In the case of the Union Center of Studies for the New Majority, which is headed by Rosendo Fraga, Menem's lead is reduced somewhat according to a poll that was taken in the third week of March: Menem has 43 percent, Bordon 28, and Massaccesi 18 percent.

Up to this point there is agreement that Bordon is presumably consolidating himself in second place. But the research carried out by Julio Aurelio, which was concluded this week, presumably indicates that "Bordon reached a ceiling 10 days ago, and today his popularity is declining slightly," to such an extent that no one can guarantee who will come in second. [passage omitted]

This consulting firm also indicates that "some 45 percent of the electorate [passage omitted]

Former President Ongania Launches Presidential Campaign

PY0604162595 Buenos Aires TELAM in Spanish 2343 GMT 5 Apr 95

[FBIS Translated Text] Buenos Aires, 5 Apr (TELAM)—Criticizing the Armed Forces for their actions during the antisubversive struggle, and branding Peronists [Justicialist Party, PJ], Radicals [Radical Civic Union, UCR], and Front [Front for a Country in Solidarity—Frepaso] members 'Social Democrats,' General Juan Carlos Ongania today launched his presidential candidacy for the 14 May elections.

Supported by 'Ricoism' ['Riquismo,' supporters of Movement for Independence and Dignity leader Aldo Rico, a Malvinas war veteran] dissidents, the former de facto president of the so-called Argentine Revolution even caught journalists by surprise in emphasizing that the youngsters who joined the guerrilla war in the 1960's had "wrong, though generous, ideals."

A presidential candidate for the Front for Patriotic Agreement (Frecopa), Ongania added that the recollection of 'the night of the long sticks,' when during his administration the police forcefully entered the universities, "does not damage" his candidacy.

Ongania emphasized: "That incident was followed by many more long sticks." Ongania overthrew Arturo Illia [Argentine president 1963-66] in June 1966 and governed our country until 1970, when he fell during an internal conflict within the military and was succeeded by Roberto Marcelo Levingston [Argentine president 1970- 71].

In Ongania's opinion, PJ presidential candidate Carlos Menem, Frepaso presidential candidate Jose Bordon, and UCR presidential candidate Horacio Massaccesi form "an alliance at the service of global social democracy."

During a speech delivered before 150 people at the Bauen Hotel in Buenos Aires, Ongania criticized "the Armed Forces' clandestine actions during the last military government."

Ongania emphasized that "these clandestine actions have heavily damaged the Armed Forces." He added: "The Armed Forces are very weak now, and play the sad role of UN mercenaries."

Ongania said: "Subversion had to be fought, but with other methods." He pointed out that if there are any lists of missing people, "they should be released."

Ongania explained that the reason for becoming a presidential candidate, "after so many years of silence, is the obvious moral, social, political, and economic decadence being experienced in our country."

Ongania also championed the freezing of political activities during his presidential term, pointing out that "the antagonism among the PJ, the UCR, and the liberals of that time was damaging our country."

On this occasion Ongania was escorted by his vice presidential candidate, Ricardo Paz, and by deputy candidates Alberto Asseff and Manuel Lastra.

The former president refused to respond to questions posed by the journalists, who had to put up with the bad mood of Ongania's bodyguards when they attempted to approach the old general.

Demirel Explains Invasion of Kurdish Strongholds in Iraq

PY0604174195 Madrid EFE in Spanish 2253 GMT 5 Apr 95

[FBIS Translated Text] Buenos Aires, 5 Apr (EFE)—Turkish President Suleyman Demirel said today in Buenos Aires that his country's invasion of the Kurdish strongholds in northern Iraq was prompted by a "state of necessity, backed up by international law." He emphasized that as soon as the mission is accomplished, the Turkish troops will return to their territory.

During a lecture at the Argentine Council for International Relations (CARI), at which Argentine Foreign Minister Guido Di Tella was also present, Demirel said: "Kurdish terrorism has established bases in northern Iraq and is entering Turkey to carry out subversive activities."

Demirel emphasized that Turkey "has always defended Iraq's territory," but the military operation that has been

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carried out since 20 March in northern Iraq was prompted by "the lack of security that the international organizations should guarantee" in that border zone.

The Turkish president added that in order to guarantee peace in that region, it is necessary for Iraq "to normalize its international situation."

The Turkish president also reviewed the socioeconomic changes in his country and the need for the international community to support them.

Demirel ultimately noted that social development "cannot merely be guaranteed through a free market system." He cautioned about social discontent leading to "racial hatred and integrationist nationalism."

Demirel and Argentine President Carlos Menem signed bilateral cooperation agreements to struggle against drug trafficking and international terrorism.

The Turkish president has been visiting Buenos Aires since 4 April. He will end his visit on 6 April.

Italian Army Commander Visits, Extolls UN Peace Troops

PY0604150295 Buenos Aires NOTICIAS ARGENTINAS in Spanish 2043 GMT 5 Apr 95

[FBIS Translated Text] Buenos Aires, 5 Apr (NA)—The Argentine Army was commended today for its participation in peace missions within the framework of UN blue helmet operations.

The commendation was voiced by General Bonifazio Incisa Di Camerana, the Italian Army chief of staff, who emphasized the "essential role played by Argentine Army forces in peace missions" sponsored by the United Nations.

The Italian general emphasized that the Argentine forces "have supplied enough evidence of their involvement in this humanitarian assistance that contributes to universal harmony." He added: "They have proven that they are capable of supplying this assistance with a high professional level."

Gen. Di Camerana, who is currently visiting Argentina, today watched a firing exercise at the 8th Armored Cavalry Regiment, headquartered in Magdalena. During the exercise, armored vehicles and airborne troops were used.

The Italian Army chief of staff emphasized: "The relations between the two Armies (Argentine and Italian) are excellent." He noted "the high level of professionalism demonstrated by the local field forces."

Di Camerana also emphasized the fact that he saw the Argentine Army "united, with a high fighting spirit and clear republican principles."

Di Camerana added that the local military forces "are an inseparable part of the society to which they belong and are imbued with society's spirit" despite the socioeconomic problems being experienced by Argentina.

Bolivia

Government Admits National Security 'at Serious Risk'

PY0604232595 La Paz LA RAZON in Spanish 31 Mar 95 p A9

[FBIS Translated Excerpt] Following the U.S. ratification—delivered through [Assistant Secretary of State For International Narcotics Matters Robert] Gelbard's ultimatum—Bolivian Foreign Minister Antonio Aranibar admitted yesterday to Congress that Bolivian national security is at serious risk and called for the unity of all Bolivians to resolve this emergency situation.

Almost at the end of the first part of the government report on Bolivian relations with the United States—which was submitted to Congress at the initiative of President Gonzalo Sanchez de Lozada—Aranibar said: "I want to point out that Bolivia faces an emergency situation regarding our national security. The quest for national unity... is essential... because it is not possible to jeopardize the nation's sovereignty and integrity."

He added: "Bolivia is experiencing a very serious situation" which must be considered very profoundly by all Bolivians because the country is facing a type of ultimatum.

Speaking on behalf of the government, the foreign minister termed remarks by U.S. Congressman Dan Burton—who is chairman of the Antidrug Committee on which the certification depends—as "unacceptable for the Bolivian people and government."

He said: "Besides being unacceptable, he contradicted the official U.S. policy on the antidrug issue and went against the document the United States signed with Bolivia at the Miami summit." [passage omitted]

Minister Returns 'Moderately Optimistic' From U.S. Visit

PY0604220495 La Paz Television Nacional Network in Spanish 0000 GMT 6 Apr 95

[FBIS Translated Text] Government Minister Carlos Sanchez Berzain, who returned today from his U.S. visit, is moderately optimistic. He was able to again obtain partial U.S. Government support for Bolivia in terms of its balance of payments.

[Begin Reporter Mario Espinoza recording] Minister Sanchez Berzain said two important points were explained to the U.S. officials. The first concerns an internal agreement among Bolivians, between the government and the coca growers, between the government and the opposition, on the coca-cocaine issue. Only afterward will there be an agreement with the United States. The second point is related to the shared responsibility in the struggle against drug trafficking. The United States will continue its drug enforcement struggle on the streets of Manhattan, Miami, and Los Angeles

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against the drug mafias and to reduce drug addiction. We in Bolivia will continue to struggle against the drug mafias, and also to eradicate surplus and illegal coca. There are also other important aspects of the meetings.

[Sanchez] We were able to obtain initial economic support from the U.S. Government for the Bolivian balance of payments. You know that the elimination of the support for the balance of payments was part of the restrictive measure on cooperation implemented by the U.S. Government. We were able to regain that support, not in the volume Bolivia was obtaining last year, but under conditions that would allow Bolivia to face its responsibility in the struggle against drug trafficking and to have the necessary resources to start a more or less sustained program for eradicating surplus coca.

[Espinoza] Minister Sanchez said he met with Robert Gelbard, who is one of the important officials involved in drug enforcement, and with the U.S. drug enforcement czar himself. Minister Sanchez, who was moderately optimistic, said that 1995 is a year having one of the largest monetary appropriations for alternative development—$24 million. [end recording]

Army Division Moved to Cobija To Fight Drug Traffickers

PY0604225695 La Paz PRESENCIA in Spanish 2 Apr 95 p 4

[FBIS Translated Text] Enrique Soria, Armed Forces national development and support secretary and former social defense secretary, has revealed that with regard to the transfer of the 9th Army Division from Rurrenabaque to Cobija, although it basically seeks to recover Pando for Bolivia, it will fight the drug trafficking groups that, over the past few months, have settled in that distant region.

He said that because of the tremendous resources owned by these criminal organizations, it is the task of all Bolivians and their institutions, including the Armed Forces, to fight them with all necessary means, but within the framework of the law.

When consulted by PRESENCIA, Soria said: "I believe the main aspect is safeguarding the country's sovereignty and integrity, because for a country with such an extended border, to the extent that it is abandoned, it will always be at risk. That is the main point, but we cannot forget that the other latent and permanent enemy of our fatherland is drug trafficking."

He added: "It is the task of all Bolivians and of all institutions to fix their attention permanently on drug enforcement, not only because it affects other countries, but mainly because it is undermining our foundations, and that is extremely dangerous.

According to officials of the Special Antinarcotics Force [FELCN], in view of the successful antidrug operations in the Chapare and Santa Cruz, the drug trafficking groups are gradually moving to the extensive uninhabited regions of Pando, and from there they presumably ship large amounts of drug to the "international markets." Soria said: "Let us not forget that the 9th Division was created in Rurrenabaque, when somehow there was the danger of drug trafficking."

He added that officials from the Defense Ministry and from the top military command, concerned over the continuous denunciations on the entry of Brazilian citizens into Pando, have approved the transfer of that Army division to the town of Cobija.

He said: "We know that there are settlements of foreigners who somehow are jeopardizing our sovereignty in that zone."

He said: "According to the plans we have prepared, the 9th Army Division, headquartered in Rurrenabaque, is to be transferred to Cobija, with the purpose of initiating—it is not a definite solution—a program that must be sustainable and planned."

He added that this plan is in line with other collateral programs on health and education, and one earmarked for the provision of land to colonize the region with Bolivian citizens.

When consulted on the origin of the resources for the ambitious project, Soria said that the work is coordinated with the ministries of sustainable development and human development. "At the Development and Support Secretariat we have called that plan the 'Let Us Recover Pando for Bolivia' project. It has been a continuous concern, and we are going to carry on with it," he said.

Soria said that according to the timetable prepared by the Armed Forces officials, it is believed that the 9th Army Division will be in Cobija before the end of the year, and he added that some 600 military troops will begin carrying out this task.

Armed Forces Support Solution of Crisis Through Dialogue

PY0704021995 La Paz Radio Cadena Nacional Network in Spanish 2300 GMT 6 Apr 95

[FBIS Translated Text] Armed Forces Commander Reynaldo Caceres has expressed support for the government sponsored programs to eradicate illegal coca farms. Gen. Caceres said the surplus coca production is an issue that hinders the achievement of international credits to invest in national development projects.

Caceres said: We are concerned about the proliferation of coca farms, but I believe that we are trying to achieve the best solution to restrict the increase of coca farms which only harm our country.

The administration has stated that there are more than 30,000 hectares of surplus coca used to manufacture cocaine in Chapare.

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The Armed Forces blame union leaders, mainly teachers union leaders, for the current social conflict. The Armed Forces assert that the educational reform offers teachers many possibilities to achieve their professional training.

Armed Forces Commander Reynaldo Caceres said social problems are the result of a misinterpretation of the educational reform.

[Begin Caceres recording] My conclusion is that this situation results from misinformation over the educational reform. They are misinterpreting the content of this law and confusing it with other situations.

I believe there is another issue; namely, the freedom to join unions. This issue is being exploited by some groups to suit their own union and political objectives. [end recording]

Anyway, Gen. Reynaldo Caceres stated that the Armed Forces totally support a solution through dialogue.

COB Rejects Proposal To Lift Strike During Easter Week

PY0704015195 La Paz Radio Cadena Nacional Network in Spanish 2300 GMT 6 Apr 95

[FBIS Translated Text] Odds and evens, there is no truce without solutions. This is what the COB [Bolivian Labor Federation] has told the administration.

The COB has rejected the proposal the administration made last night to postpone all measures until after Holy Week. COB Executive Secretary Oscar Salas and the COB executive committe answered the administration's proposal by clearly stating that the best way to overcome the social conflict is by finding effective solutions to labor demands.

COB leader Carlos Camargo stated that the COB petitions were submitted to the executive branch three months ago, and they still remain unanswered.

[Begin Camargo recording] We support social peace, but we believe that it should be based on equity and justice. We believe it should not be achieved at the expense of the suffering of the people.

In view of this, we believe, therefore, that the best way to achieve social peace, the stability we all aspire to achieve, is for the government to promptly respond to the proposals the COB raised at the negotiating table in a positive, immediate, and effective manner. There are 11 priority issues that should be answered promptly and effectively. This will allow us to achieve a definitive solution to the problem.

In light of this, the measures of force will not be lifted. Instead, we believe that we should expedite the negotiations and seek definitive solutions to overcome the entire conflict. [end recording]

Although the negotiations concerning the educational reform law still continue, the COB and the government—through the mediation of the Catholic Church—have proceeded to discuss the salary question and other issues included on the negotiations agenda. The negotiations are in their third day, but are continuing at a very slow pace.

Brazil

Brazilian Achievements, Cardoso's Trip to U.S. Viewed

PY0704020295 Rio de Janeiro O GLOBO in Portuguese 3 Apr 95 p 3

[Article By Miriam Leitao]

[FBIS Translated Text] Commenting on President Fernando Henrique Cardoso's upcoming visit to the United States, Foreign Minister Luiz Felipe Lampreia compared Brazil to a company that has been paying heavy debts for 20 years. Brazil can now face its partners with the tranquillity of someone who has paid its debts: Not all, but most of them.

Over the past two decades, Brazil has been solving, one by one, the problems that poisoned its relations with the biggest country in the world and with its main trade partners. The minister cited some of the problems that have caused political and trade conflicts: human rights, the nuclear program, market reserve, the military regime, inflation, the foreign debt, ecology, and impeachment.

Brazil still faces criticism by international human rights institutions. Lampreia said that now, however, "Brazil has faced this problem, opened its data to the world, listened to criticism, and tried to reduce the problems."

Human rights were the main problem in Brazilian-U.S. relations when the government deliberately violated the human rights of its political adversaries. The military regime did not accept any international control over the Brazilian nuclear program and this was an obstacle for Brazilian-U.S. relations. Weapons and Disarmament Agency Director John Hullins proposed last week the negotiation of an agreement for nuclear cooperation and said that bilateral relations can now be broader than ever.

The exacerbation of protectionism, the list of prohibited imports, and in particular the informatics law caused a large number of trade clashes between Brazil and the United States. IBM was the symbol of discrimination against foreign capital. IBM could only produce large computers and its PCs were banned from Brazil. The trade opening policy, which was implemented as of 1990, reduced the problems. Tariffs decreased, market reserve ended, and subsidies on exports were eliminated. Last week's retrogression, following the decision to increase tariffs, may cause uproar. The foreign minister

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explained, however, that there is room in international law for a temporary increase in import taxes.

The minister said the Uruguay Round allows countries with balance of payment problems to use temporary trade barriers.

The foreign debt was another inexhaustible source of headaches between Brazil and the United States throughout the 1980's. Most of the debt was concentrated in U.S. banks which, subject to U.S. banking laws, successively presented problems in their balance sheets resulting from Brazilian moratoriums. Brazilian finance ministers frequently went to the United States seeking to negotiate the debt. On at least two occasions there were harsh quarrels between Brazilian ministers and U.S. officials. One was between Dilson Funaro and Paul Volker, the Federal Reserve Bank president at the time, and the other between Bresser Pereira and Treasury Secretary James Baker. Bresser then said the U.S. Government had decided to support a Brazilian proposal to solve the debt problem. Baker denied it saying that the minister's proposal left no room for the two countries to even begin to hold talks. Treasury Under Secretary Larry Summers sent a rude letter to Fernando Henrique Cardoso when he was still a finance minister, and refused to support any negotiations with the creditor banks.

Minister Lampreia believes everything that made relations between the two countries bitter and that caused friction over the last few years is now over.

Lampreia said the president of a country that has paid heavy debts is now about to visit the United States. He is a president who has no reason to feel embarrassed anywhere or in any discussion.

One debt, however, may still have to be paid off. Brazil still has not approved the new law on patents. Last year, Ambassador Paulo Tarso Flecha de Lima made an enormous effort and managed to prevent trade sanctions from being applied to Brazil for unfair trade practices. Brazil promised to draft a law but the months have passed and the issue continues in the hands of Congress, where it has been for the last three years. Lampreia believes, however, that one way or the other, things have improved.

Here are the debts Brazil has paid:

Human Rights—During the dictatorship there were cases of torture and there was no freedom. There are now complaints about the street children problem and about cases like the massacre of prisoners at the Carandiru Penitentiary.

Protectionism—Import tariffs have become smaller, as have the lists of forbidden products. Subsidies on exports also decreased.

Foreign Debt—The crisis resulting from the decision to suspend payments on the debt has been overcome. Brazil rescheduled its debt until the year 2023, without international help.

Nuclear—The fear was that Brazil might get to manufacture the bomb. The decision to sign the Tlatelolco Treaty has made it possible to overcome that problem.

Ecology—The Rio-92 conference represented the beginning of a change in the Brazilian image. There is still a lot to be done in the area, but progress is evident.

Democracy—Impeachment has shown the solidity of the Brazilian institutions. President Cardoso can now say the country is living in a consolidated democracy.

Inflation—Economic stabilization currently allows the people and the government to take Brazil seriously. This would not have been possible with a 1,500 percent yearly inflation rate.

Article Views Upcoming U.S., Mercosur Meeting

PY0604201395 Sao Paulo GAZETA MERCANTIL in Portuguese 4 Apr 95 p A6

[Article by Maria Helena Tachinardi]

[FBIS Translated Text] Representatives of the Mercosur [Common Market of the South] and the United States will meet on 2 and 3 May in Asuncion, Paraguay, to discuss the establishment of a free trade area in the hemisphere, as announced in Miami last December.

At a meeting of the Common Market Group (GMC) last week, the following decisions were adopted:

1. To postpone until 30 June the deadlines established for the technical committees to finish drafting common regulations on the importation of second-hand assets and to define rules for defense against unfair competition in extra-zone trade.

2. To postpone until 30 June the deadline for Mercosur members to confirm to the Trade Committee the list of products subject to rules of origin.

3. On 27 June and 20 September, seminars to disseminate Mercosur news will be held in London and Tokyo.

Sivam Contract Said To Be Signed Before Cardoso Trip

PY0704025795 Rio de Janeiro JORNAL DO BRASIL in Portuguese 6 Apr 95 p 4

[Article by Leandro Fortes]

[FBIS Translated Text] Brasilia—The commercial contract between the Brazilian Government and the U.S. firm Raytheon for installation of the Amazon Region Surveillance System (Sivam) will be signed before President Fernando Henrique Cardoso's visit to the United States on 17 April. An Aeronautics Ministry source has explained that the reason for the haste is to avoid a "constraint" with the U.S. Government—which has spared no lobbying effort in favor of Raytheon—and, in

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particular, to avoid hindering the negotiations on space cooperation that Cardoso will personally conduct with Bill Clinton.

According to a source linked with Sivam, the $1.4 billion contract is "99 percent ready" and needs only the endorsement of the Sivam Project Coordination Comission (CCSivam) and of the Strategic Affairs Secretariat (SAE). The source explained that the government believes that none of the charges that have just been pressed—bribing of Brazilian officials by the French company Thomson, which was Raytheon's contender—have been proven with facts. Says an Aeronautics Ministry official working with the Sivam project: "We know the contract is all right."

After all commercial and financial specifications have been agreed upon, the Sivam contract depends only on a revision before being signed by Brigadier Marco Antonio de Oliveira, the CCSivam president, and by the representatives of Raytheon and Esca, the Brazilian enterprise that will be responsible for the operation of the system of high-technology radar and telecommunications equipment that will be installed in the legal Amazon region. Consequently, the government's main concern is the congressional pressure on Sivam.

The Supervision and Control Committee of the Chamber of Deputies on 5 April approved the request by PT [Workers Party] Deputy for Sao Paulo Arlindo Chinaglia, and will summon Reserve General Thaumaturgo Sotero Vaz, the former chief of the Amazon Military Command. The general was the only military officer to have raised doubts as to the real need for Sivam in the legal Amazon region. Furthermore, the Supervision Committee will demand all Sivam documents from the SAE, including the justification for dispensing with a public tender, which was authorized by the National Defense Council.

Foreign Minister Meets PLO Representative, Invites 'Arafat

PY0604221095 Sao Paulo FOLHA DE SAO PAULO in Portuguese 4 Apr 95 Section 1 p 5

[FBIS Translated Text] Foreign Minister Luiz Felipe Lampreia has invited Palestinian leader Yasir 'Arafat to visit Brazil. Lampreia conveyed the invitation during a ceremony in Brasilia during which he received the credentials of PLO representative Musa Amer Oudeh [name as published]. Lampreia reiterated the Brazilian Government's support for the Palestinian-Israeli peace talks and for the UN resolutions on the Palestinian issue.

Serra Denies Protectionism at Jerusalem IDB Meeting

PY0604210195 Sao Paulo O ESTADO DE SAO PAULO in Portuguese 5 Apr 95 p B4

[Report by Paul Sotero]

[FBIS Translated Text] Jerusalem—Planning Minister Jose Serra said on 4 April, at the annual meeting of the Inter-American Development Bank (IDB), that the Brazilian import tariff increase is temporary, that it is linked with the Brazilian Government's effort to preserve the country's trade balance, and that "it has nothing to do with protectionism."

Israeli Prime Minister Yitzhaq Rabin addressed the IDB meeting yesterday. In his speech, Rabin emphasized that economic development is imperative for consolidating the peace process involving Israel and the Palestinians, as well as Israel's Arab neighbors.

In his opening speech, IDB President Enrique Iglesias said that the Mexican crisis has not invalidated the reform model being implemented in Latin America. Iglesias said: "There are no alternatives other than fiscal balance, economic opening, state reform, a vigorous integration process, privatization, and a pragmatic economic policy."

In Iglesias' opinion, the challenge posed to Latin America in the wake of the Mexican crisis is to increase domestic savings and to decrease dependence on short-term foreign capital. He added that the "courageous measures adopted by Mexico and Argentina" are proof of the maturity achieved by the countries of the region.

Serra concurred with Iglesias' evaluation. He said: "Mexico was not forced into this situation by its privatization program." He added: "As Mexican Finance Secretary Guillermo Ortiz said, the problem stemmed from a mishandling of the economic policy: Mexican officials were lax in taking action in 1994, as though the external financial distortions were temporary."

Serra added that the Brazilian Government remains alert and that it is already making the necessary adjustments to respond to the new situation crated by the Mexican crisis." He said: "Too many demands are being made." He criticized what he described as the "negative approach taken by some opinion builders." He added: "Only 6.25 percent of President Fernando Henrique Cardoso's term has elapsed, and what counts are the results achieved thus far."

Serra acknowledged, however, that part of the problem has to do with communications. Serra regards Argentina as "the Latin American country having the best communcations system." He added: "We have nothing to lose by engaging in a more intensive communications effort." He complained, however, about an O ESTADO report on his not being present at a seminar on capital flow held on 3 April.

Serra was listed as a keynote speaker during the second of a series of two panel discussions that are considered to be the most significant and most widely attended parallel events to the IDB annual meeting. Argentine Economy Minister Domingo Cavallo, who spoke during the first panel, strongly defended the Argentine economic policy

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before a skeptical audience of more than 600 executives of the official and private financial community.

Serra said he was held back in Brasilia by a meeting with other government officials. Serra only arrived in Jerusalem in the afternoon of 3 April. The Brazilian delegation did not give any explanation about Serra's absence at the seminar.

Jabob Frankel, the governor of the Bank of Israel, served as master of ceremonies and declined a last-minute offer by Central Bank Director Gustavo Franco to replace Serra at the seminar. A former Bolilvian finance minister ultimately replaced Serra, who said that "that meeting was not important." .

Government Admits Wrong Use of FSE Funds

PY0604201695 Rio de Janeiro O GLOBO in Portuguese 5 Apr 95 p 3

[FBIS Translated Text] Brasilia—The government has issued an official note admitting the mistake of using the Social Emergency Fund (FSE) to pay expenses, including Planalto Palace expenditures, as reported by O GLOBO.

President Fernando Henrique Cardoso yesterday ordered a transfer of funds from other budget allocations to return the FSE money spent on routine and administrative expenses. The Planalto Palace note states: "The government believes some actions do not strictly comply with the principles under which Congress approved the FSE."

Despite the return of wrongly allocated FSE funds, Congress—contrary to what the government wants—seems to be unwilling to extend the FSE to 1996. PPR [Progressive Renewal Party] Deputy for Sao Paulo Delfim Netto said the irregular use of the money shows the FSE "is neither a social nor an emergency" fund and that it must be terminated. Planalto Palace spokesman Sergio Amaral announced the president's decision to return the irregularly spent money.

He said: "In the budgetary rearrangements following the recently enforced cuts, funds that were used from source 199 (FSE) are being returned. The FSE will return to its original funding level."

The Planalto Palace note deplores that the Attorney General has not acted on the subject. PPS [Popular Socialist Party] Deputy For Rio de Janeiro Sergio Arouca and the Rio de Janeiro Regional Medicine Council asked Attorney General Aristides Junqueira in 1994 to open a public investigation into the irregular use of FSE funds. A civil lawsuit was filed at the Brasilia federal court.

Before releasing the note, Amaral emphasized that covering government expenses with FSE funds is within the law. The spending of funds on "economically and socially relevant programs" is allowed by law. Such expenses even include the cleaning of clocks. He said that when Congress approved the FSE, it knew the priority was the social area, but that the money could also be spent in other areas of the administration.

Deputy Sergio Arouca disagrees with Amaral: "That is not true. Congress approved what is written. The government lied to Congress when it said FSE funds would be used only for social activities."

In addition to returning the money (during the first three months of this year, 2.1 billion reals [R] of FSE funds were used to cover several expenses, while another R7 billion have already been committed), President Cardoso also ordered the ministers of the economic area to explain the budget to Congress. This is a clear indication of the negative repercussions of the reported irregular use of FSE funds. The government knows this situation can hinder the congressional approval of the extension of the FSE.

Deputy Miro Teixeira—the PDT [Democratic Labor Party] leader in the Chamber of Deputies—criticized the government for having ignored Congress. He said: "They allocated a huge amount of money when they created the fund, and now they have a blank check."

Industrial Leader 'Shaken' by Economic Developments

PY0604134695 Sao Paulo AGENCIA ESTADO in Portuguese 1614 GMT 5 Apr 95

[Report by Tania Malheiros]

[FBIS Translated Text] Rio de Janeiro, 5 Apr (AE)—Mario Amato, president of the National Confederation of Industry (CNI), said he was "shaken" by the recent economic developments in Brazil. He said: "Everyone is saying something different, thus allowing for different interpretations. All this is creating widespread confusion."

Amato said that although there are competent, honest people in the government, they are not speaking the same language. He met today with a German parliamentary delegation that asked for explanations about the recent increase in import tariff rates. According to Amato, the German parliamentarians also questioned the overvaluation of the real, and asked for details of the constitutional reform process.

Despite acknowledging that changes are necessary, Amato warned that the government must refrain from changing the rules all the time to avoid an atmosphere of uncertainty. He said: "If you are standing in line to jump from a diving board and you see that someone is scared to jump, you would not jump, either." He said the trade balance deficit in March was to be expected. He added: "The government must debureaucratize and deregulate trade to avoid tax evasion and corruption."

CNI economist Flavio Castello Branco said it would be impossible to reverse the trade balance deficit from one month to another. He believes the 6 March dollar exchange adjustment and the sharp import tariff

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increase could have an impact on the April trade balance. He noted that no tangible signs of a turnaround in the trade deficit will be noticeable until May.

Privatization Program Report Released

PY0604231295 Sao Paulo AGENCIA ESTADO in Portuguese 2033 GMT 5 Apr 95

[FBIS Translated Text] Jerusalem, 5 Apr (AE)—Planning Minister Jose Serra today, 5 April, circulated a document during the annual Inter-American Development Bank (IDB) meeting in Jerusalem. The document is the Brazilian privatization program. He emphasized that 17 enterprises will be privatized between June and December, and described the results that the program has achieved thus far. The following is the text of the document:

1. The privatization schedule for 1995

Of the 17 enterprises that will be privatized between June and December, there are 13 petrochemical companies, two electric power companies, one railway transportation company, and one financial institution.

2. How these enterprises will be privatized

The 13 petrochemical companies—the most important of which is Copene, the Northeastern Petrochemical Company—will be sold in share auctions in the Brazilian stock markets. (In the specific case of Copene, part of the capital will be reserved for employees, and part will be offered to the public at fixed prices, in addition to the shares offered during the auction.)

The system used for selling Copene will also be used for selling the two electric power distribution companies (Light [Power Services, Inc.] and Escelsa [Espirito Santo Power Plants, Inc.] and for privatizing the bank, the Banco Meridional do Brasil.

The Federal Railway Network will not be privatized through an auction of its shares but through a system of leasing under which railroad tracks and wheeled equipment (locomotives and wagons) will be rented. To this effect, the company will be divided into six regional networks that will be operated by the private sector, which will not be charged with any of the company's current liabilities.

3. Estimated income from privatizations in 1995

Privatizations are expected to yield approximately $4 billion. This amount does not include the money to be collected through the leasing of railway services. This estimate can grow by up to $1 billion if the minority shares that the federal government owns, either directly or indirectly, in several public and private enterprises are also sold. Considering that the shares of the most important of these enterprises are currently negotiated in the Brazilian stock markets, the amount to be raised will be determined by the price of shares at the time of the sale.

4. The progress of the Brazilian privatization program

Contrary to the experiences of several other countries, state intervention in the Brazilian economy has not been limited to management and provision of public services. In the past, the Brazilian Government invested in large companies that manufactured basic products and capital goods. For this reason, the privatization program attached priority to the sale of those companies. Many of these firms are large companies of the iron and steel, petrochemical, and fertilizer sectors, most of which have already been privatized.

It is interesting to recall that many East European countries have adopted a massive privatization program, in which income and the direct contribution of such income to fiscal balance were subordinated to the broader goal of obtaining a rapid transition to a capitalist system of production. Within this context, many companies—especially small and medium-sized companies—were privatized with simplified privatization criteria.

On the other hand, some Latin American countries began their privatization initiatives in the sectors supplying services and products like electricity, telecommunications, financial services, and petroleum. Instead of doing this, Brazil started its program by selling industrial companies; the government's participation in those companies was much higher in Brazil than in neighboring countries.

Up until now, 33 enterprises and nine subsidiaries have been privatized in a period of slightly more than three years, beginning in October 1991. The total income amounts to $11.8 billion, with an average of $282 million per privatized enterprise.

All enterprises of the iron and steel and fertilizer sectors have been privatized, while all petrochemical enterprises are expected to be privatized by the end of 1995.

The speed of the Brazilian privatization program can be explained not only by the vast scale or dimension of the companies to be sold, but also by the government's desire to guarantee the transparency of the operations. Each company is evaluated by two consulting consortiums that are contracted in an intermediary process involving public proposals, and all companies are privatized through auctions of their shares, which are made approximately two months after publication of the call for offers.

Preparing companies for privatization also takes considerable time. For this reason, the top decision-making organ for the program has been recently restructured. Its composition no longer includes basically private sector representatives, but also a Council of Ministers, which permits more rapid implementation of whatever decisions are reached.

5. The government's position on the privatization of public services

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The Brazilian Government regards deficient public services as one of the main hurdles jeopardizing its goal of achieving sustained economic growth. The government recognizes that the state cannot supply the necessary resources for improving the situation without outside help.

Therefore, the government is encouraging the private sector to participate in these activities either through a partnership with the public sector or through a franchise system contracting these services to private companies. We are hoping the private sector will take care of supplying electric power and administering ports, airports, and railways. At present, the federal government controls all these services.

The Brazilian Constitution imposes restrictions on the privatization of the petroleum and telecommunications areas, as well as to prevent foreign companies from taking control of Brazilian natural resources. By contrast, the Brazilian financial system—unlike the case elsewhere in Latin America—is predominantly private. In Brazil there is only one federal bank that may be privatized and banks that are controlled by state governments. The decision to privatize these state-owned banks rests with the respective state governments.

The federal government submitted two major draft laws to Congress proposing constitutional amendments. The first one seeks to eliminate discrimination between Brazilian companies and foreign controlled companies based in Brazil. At present, the latter companies are not authorized to control activities entailing the exploitation of natural resources. The second draft law seeks to loosen the monopoly vested by the Constitution in the federal government regarding the right to supply telecommunications services and to prospect for oil.

6. The role assigned to foreign capital in the Brazilian privatization program

Foreign investors have thus far played a rather modest role in this endeavor, having accounted for only 7 percent of the privatization proceeds. There are three reasons for this: a) Most of the privatized companies operate in markets that had been quite depressed until recently; b) Brazilian laws on privatization have limited to 40 percent the voting shares a foreign investor can buy; and c) a 25-percent deduction of the nominal value used to be applicable to Brazilian foreign debt bonds when converted into currency for privatization purposes, while domestic debt bonds were accepted at their nominal value.

The competitive force of foreign capital has significantly improved since then, especially since the passing of a law changing the privatization rules. The Brazilian laws now allow foreign investors to own up to 100 percent of privatized companies as long as the constitutional restrictions affecting certain areas are respected. Furthermore, since the conclusion of the Brazilian foreign debt negotiations in late 1993, creditors have been authorized to use part of the foreign debt bonds to purchase shares of privatized companies, without any deduction from the nominal value of those bonds.

Furthermore, President Fernando Henrique Cardoso recently authorized an increase in foreign capital participation in the Brazilian financial system within the context of the privatization of state-owned banks.

In any case, the main reason for foreign capital to participate in the privatization program is the economic stabilization achieved as a result of the Real Plan, which caused a sharp decline in inflation and the resumption of growth, thus creating conditions that are favorable to productive investments.

Italy's Agnelli 'Expressed Concern' Over Import Tax Hike

PY0604213195 Sao Paulo GAZETA MERCANTIL in Portuguese 4 Apr 95 p A6

[Article by Maria Helena Tachinardi]

[FBIS Translated Text] During official meetings in Brasilia on 3 April, Italian Foreign Trade Minister Susanna Agnelli expressed concern over the 70-percent increase in the import tax on 109 products. During a morning interview with the media, she said she hopes the measure is "temporary." During her meeting with Foreign Minister Luiz Felipe Lampreia at noon she learned that the high import tax will be maintained for one year.

The main results of the visit were the signing of an accord to protect and promote investments, and the decision to negotiate a new agreement for economic and trade cooperation better suited to bilateral reality. Lampreia and Agnelli agreed that the accord signed in 1989 is "unrealistic and old-fashioned." At that time, the Italian Government promised a credit for Brazil of about $1 billion. The accord contains several aspects and, because of the chapter that deals with concessional loans, only one project became a reality. The Italian Government granted a $45 million credit for the installation of the rural telephone system in Mato Grosso State.

Agnelli also met Finance Minister Pedro Malan and President Fernando Henrique Cardoso. Her visit to Brazil sought to revitalize bilateral relations. President Luigi Scalfaro will probably come to Brasilia in the second half of the year and Confindustria President Luigi Abete is expected in June.

The 1989 cooperation agreement must be reviewed because the Organization for Cooperation and Economic Development (OCDE), prohibits its members from allocating concessional resources to countries where the per capita income has reached a certain level, as it is the case with Brazil. We will benefit from Italian assistance credit until December 1993. Only one of the six presented projects fulfills all of the requisites. Mato Grosso is the awarded state. Agnelli said the old accord was "ambitious." When negotiating a new agreement, she said Italy

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must consider within its relations with Brazil the importance of small and medium- sized enterprises.

The Italian minister said her country supports the idea of an agreement for inter-regional economic cooperation between the Common Market of the South and the EU.

Tender for Angra-2 Nuclear Plant Announced

PY0604220695 Sao Paulo GAZETA MERCANTIL in Portuguese 4 Apr 95 p C5

[Article by Fatima Belchior; quotation marks as published]

[FBIS Translated Text] On the morning of 4 April, some 300 people gathered at the Angra-2 nuclear plant, which for the past 12 years has been worked on at a snail's pace. They gathered at Furnas [Furnas Electric Power Plants, Inc.] to learn about the tender for installing the electromechanical section. This stage of the project will absorb 110 million reals [R] from its R1.214 billion budget.

Entrepreneurs attending the public meeting on Angra-2—at which the second phase of an ambitious nuclear program to construct eight plants was announced—said the briefing provided the context for speeding up the project. Pedro Figueiredo, director of the Furnas Thermonuclear Generation department, said this new stage—the installation of the electromechanical section—will begin on 8 May with a call for offers. They must be submitted by 24 May. The contract will be awarded on 2 October.

Bardella Vice President Manoel Thompson Motta said the tender for installing the electromechanical section of Angra-2—which is a 1,300 Mw plant—will be the first major public undertaking since 1990. He said this was the reason for the presence at Furnas of the heavyweights of the engineering and installation industry sectors—among them Norberto Odebrecht and its subsidiary Tenenge, OAS [expansion unknown], Montreal, Andrade Gutierrez, Sade Vigesa, and Sertep, among others—and representatives of the nuclear community and the electric power sector. Jose Flavio Brandao, director of the Andrade Gutierrez nuclear department, said interest in Angra-2 is justified because of its importance for Rio de Janeiro State.

Nuclear Construction Superintendent Luiz Manuel Amaral Messias said the tender for installing the electromechanical section of Angra-2 will be for the local sector foreign enterprises [sentence as published]. It will be divided into three parts—nuclear mechanical, conventional nuclear, and electrical-instrumental—for which enterprises may make offers individually or in consortiums. Messias said: "We want to support national enterprises," considering that nothing has been built in the country for a long time.

Messias sees no problem in the individual participation of national firms that have not been involved in electromechanical installations at nuclear plants. They will work under the supervision of Siemens (the German enterprise supplying the equipment for Angra-2), Furnas, and Nuclen [Nuclebras Engineering, Inc.], which handles nuclear engineering projects in Brazil. The work by Siemens will last two and a half years and cost $25 million.

Messias estimates the three parts involve the installation of 12,000 tonnes of equipment (pumps, heat exchangers, heaters, etc.), 4,800 tonnes of tubes and 2 million meters of electric cables. Much of these materials have already been purchased and are being stored in the country."

Congress Passes New Bill To Fight Organized Crime

PY0604144995 Brasilia Radio Nacional da Amazonia Network in Portuguese 1000 GMT 6 Apr 95

[FBIS Translated Text] The Brazilian Congress has approved a bill sponsored by Deputy Miro Teixeira—Democratic Labor Party, Rio de Janeiro—that will make it easier to produce evidence that will result in the conviction of individuals involved in organized crime activities such as drug trafficking, kidnapping, and both active and passive corruption.

The bill, which will now have to be promulgated by the president of the Republic, authorizes the lifting of bank, electoral, and fiscal secrecy. It also provides for the infiltration of criminal gangs by undercover police officers, and for the handing down of lighter sentences to criminals who may agree to cooperate with the police or with the Attorney General's Office.

Projected Southern Cone Communications Center Viewed

PY0704030795 Rio de Janeiro O GLOBO in Portuguese 3 Apr 95 p 17

[Article by Nelson Torreao]

[FBIS Translated Text] Brasilia—Brazil will occupy a strategic geopolitical position within the Common Market of the South [Mercosur] in the field of communications. When the Embratel [Brazilian Telecommunications Company] fiber optics system becomes fully operational, communications between Southern Cone countries and the Northern Hemisphere will be done via Brazil.

Conventional communications systems will continue, but fiber optics allow transmissions of text and images through light signals produced by laser rays as well as voice signals. The Brazilian B2 satellite, which was launched last week, has seven channels exclusively for Mercosur.

Communications Ministry Executive Secretary Fernando Xavier Ferreira said: We will always be part of the Southern Cone telecommunications route. This requires an integrated plan of the communications policies and an expansion of diplomatic relations.

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Fiber optics cables are as thin as a hair with the capacity to transmit 100 times more information than conventional systems. They operate at 560 megabytes per second.

Embratel has been working in two projects of international fiber optics highways: The Unisur and the Americas 1 projects. The first will interconnect Mercosur member countries, and the other will connect Brazil to the United States. The two systems will be interconnected with the national fiber optics network, the first stretch of which—connecting Rio de Janeiro and Sao Paulo—is already operational.

Brazil and Argentina have negotiated an agreement to use the fiber optics system that will interconnect Southern Cone countries to the rest of the world. Embratel President Dilio Penido said the agreement will probably be signed at the end of 1996, when the first stage of the Brazilian system—including the ground and submarine cables network—will have been finished.

Ferreira said: This is a cheap way of solving the information bottleneck.

Unisur is a system of 1,720 km of submarine cables that will interconnect Florianopolis (Santa Catarina State), Las Toninas (Argentina), and Maldonado (Uruguay). In each of the stretches (Brazil-Argentina, Brazil-Uruguay, and Argentina-Uruguay), the fiber optic cable will have capacity for 15,120 channels. The overall investment in this system is $75 million. Embratel will put up 8.8 percent of this total.

The Americas 1 system connects Brazil to the United States. The cables are 8,000 km long and will connect Ceara State to Florida. They will cross Venezuela, Trinidad, and the Saint Thomas island in the Caribbean. Near Saint Thomas, the Americas 1 cable will be connected to the Columbus 2 cable, thus interconnecting the system to the European fiber optics systems. Overall investments in the Americas 1 system totals $258 million, which will be divided among 40 countries. Embratel will put up 13 percent of the project. The system also has 15,120 channels, but this number can be increased to 60,000.

Chile

Foreign Minister, Argentine Secretary Discuss Mercosur

PY0604143195 Madrid EFE in Spanish 0146 GMT 6 Apr 95

[FBIS Translated Text] Santiago, 5 Apr (EFE)—Chilean Foreign Minister Jose Miguel Insulza today asserted that Argentina is willing to study the Chilean request to establish a broad agreement with the Common Market of the South (Mercosur).

The minister made this statement at the end of a lengthy working meeting with Jorge Campbell, Argentine international economic relations secretary. The Argentine and Chilean negotiation teams also participated in this meeting.

Insulza quoted Chilean President Eduardo Frei to explain Chile's objectives for joining Mercosur, which is currently comprised of Argentina, Brazil, Paraguay, and Uruguay.

Insulza said that the objective is to "reach a broad agreement that will entail not only the negotiations to liberalize trade, but also such important subjects as physical integration, integration in the energy field, and negotiations in the investments and services fields."

Insulza said: "We note that Argentina is very willing to make progress in this same direction."

He added that it had been a very positive meeting, while noting that it was not a meeting between Chile and Mercosur, but rather a bilateral meeting between the two countries "to compare viewpoints regarding those negotiations, which will be very positive for our relations with all the Mercosur member countries."

In these negotiations to join Mercosur, Chile is interested in two main issues. The first is a broad agreement that will include not only custom tariffs, but other points already mentioned.

The second aspect is to advance as rapidly as possible on all these matters, including that of reducing customs tariffs. "I think Argentina agrees with us on both subjects," said Insulza.

Jorge Campbell said that in Argentina's opinion "Chile is already part of Mercosur; it is only a matter of establishing a formal tool to link it, and this is what we are discussing."

Turkish President Arrives on 3-Day Official Visit

PY0704033495 Madrid EFE in Spanish 2136 GMT 6 Apr 95

[FBIS Translated Text] Santiago, 6 Apr (EFE)—Turkish President Suleyman Demirel arrived today in Santiago on an official three-day visit. During his stay in Chile, Demirel will sign several agreements with Chilean President Eduardo Frei.

The objective of this trip undertaken by the Turkish president, who has a social democratic background, is to increase bilateral trade ties and strengthen the technical and scientific cooperation agreement that was signed by the two governments in 1989.

A Chilean technical-business mission that traveled to Turkey, Israel, Lebanon, and Egypt in 1994 established that Chilean capital has good possibilities in these countries.

After his arrival in Santiago today, President Demirel placed a wreath at the Libertador Bernardo O'Higgins monument, located in downtown Santiago.

On 7 April, Demirel will hold a meeting at the La Moneda government house with Chilean President Eduardo Frei. Both of them are also scheduled to sign several cultural and scientific agreements and to grant a news conference.

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Later in the day, Demirel will meet with Senate President Gabriel Valdes; Supreme Court President Marcos Aburto; and Jaime Estevez, the president of the Chamber of Deputies.

University of Chile Rector Jaime Lavados will honor Demirel with the "Rector Andres Bello Medal" and, in the evening, President Frei is scheduled to host a dinner in his honor.

On 8 April, Demirel will visit the port of Valparaiso, the main Chilean port, located near Santiago. He is scheduled to leave Chile on 9 April.

Demirel's social democratic government is implementing a pragmatic international policy and has maintained diplomatic ties with Chile on the basis of mutual respect and noninterference in domestic affairs.

Colombia

Further on 'Operation Dignity' Raids

95WD0239A Santa Fe de Bogota EL TIEMPO in Spanish 24 Mar 95 pp 1, 6A

[FBIS Translated Text] The police and the Prosecutor General's Office launched an offensive yesterday against business firms in which relatives and partners of the Rodriguez Orejuela brothers and Jose Santacruz Londono have a share.

Yesterday, 230 police officers, eight prosecutors, and eight representatives from the Attorney General's Office led the offensive, known as "Operation Dignity," which included eight raids carried out at these companies in Bogota.

Kartodromo International of Cajica, the Aureal Real Estate firm, and the headquarters of both the Blaimar de Colombia and Kressfor Laboratories were some of the sites raided. The authorities are investigating 100 bank accounts identified during the searches.

The operations in Bogota became known together with the first results accrued from the strategy against corruption applied by the police director, General Rosso Jose Serrano.

In fewer than 90 days, reiterating the warning that he gave publicly on the day he took office ("There is no second chance here: anyone corrupt will be ousted"), Serrano has ordered the dismissal of three colonels, 13 lieutenant colonels, 25 majors, 10 captains, eight lieutenants, and eight second lieutenants from the institution.

Serrano comments: "Nowadays, corruption is identified as an enemy and rated on a par with any others, such as drug trafficking or subversion, which destabilize order and security, impeding the development of the country and its legitimately established institutions."

Serrano, who explains in EL TIEMPO today the extent of the progress made in the battle against internal corruption, was the first official notified yesterday of the results of the raids in Bogota conducted against firms in which there reportedly is money from the Valle Mafia.

The police stated that this "Operation Dignity" is intended "to begin dismantling the Rodriguez Orejuela business empire."

The raids made it possible to obtain information on these companies' accounting operations.

The raids took place in importing and exporting establishments, those distributing drugs and veterinary products, companies organizing events, and real estate firms.

In these eight locations the police seized 15 computers, 350 diskettes, 10 hard disks, passports, accounting documents of these companies, and five microcomputers.

Furthermore, the operations made it possible to inspect 100 bank accounts with large cash turnovers, which the authorities will begin to track down.

One of the raids occurred at warehouses 6 and 8 of the La Rebaja Drug Distributors firm—a company which, according to the police, numbers among its owners and partners Humberto Jaime and Alejandra Rodriguez Mondragon (children of Gilberto Rodriguez), and Alvaro Holguin Sarria, brother of Senator Armando Holguin Sarria.

The second raid took place at Kartodromo International of Cajica, one of whose owners appears to be Jaime Rodriguez Mondragon.

The police also raided the Aureal Real Estate firm, owned by Ana Milena Santacruz, a relative of Jose Santacruz Londono.

The offices of Blaimar Laboratories of Colombia also were raided. Appearing as partners in this company are Alfonso Gil (brother-in-law of the Rodriguez brothers), and his wife, Amparo Rodriguez; William Rodriguez Abaida, son of Miguel Rodriguez; and the three sons of Gilberto Rodriguez.

These same individuals appear as partners in El Condor Drug Distributors, also raided yesterday during the course of "Operation Dignity."

The Kressfor Laboratories were occupied by the authorities as well. Fernando Gutierrez Cancino appears as manager of this firm, and one of Gilberto Rodriguez' sons appears as an alternate.

The final raid was conducted at Geele Investments, a livestock products company managed by Gladys Lozano de Gutierrez.

The police reported that "Operation Dignity" was planned three months ago, and that the intelligence work to detect the business firms in which there is money belonging to relatives of the Rodriguez Orejuela brothers included investigations in chambers of commerce.

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Ecuador

Foreign Minister Says Tiwinza in Ecuadoran Hands

PA0604004195 Quito Voz de los Andes in Spanish 1700 GMT 4 Apr 95

[From "The Voz Andes Newscast"]

[FBIS Translated Text] Ecuadoran Foreign Minister Galo Leoro Franco has refuted statements by the president of Peru and has ratified that Tiwinza is in Ecuador's hands and will be delivered only to the military observers of the four guarantor countries. Any other information is unfounded, Leoro said.

Yesterday, the president of Peru again made statements not in line with the truth. He said this Ecuadoran military post is in Peruvian territory. The foreign minister disavowed this statement and said he will not permit Peru to impose border markers. Leoro Franco said Peru has an unprovable thesis because the protocol establishes that limits must consider the separation of the Zamora and Santiago Rivers. Leoro said there is no such geographic accident because the Cenepa River, which was discovered five years after the signing of the protocol, flows in that area.

Leoro noted that the protocol does not speak either about the Condor mountain range, where the bloody clashes between the two Andean nations took place.

Leoro Franco reiterated his interest in finding a solution that gives Ecuador its inalienable Amazonian rights.

General Jose Gallardo, defense minister of Ecuador, also accused President Fujimori of stating a falsehood and affirmed it is not true Peruvian forces are in possession of Tiwinza Detachment. That post is in Ecuadoran territory and under our protection, Gallardo said. Gallardo noted that the location of Tiwinza has been verified with equipment of international repute and affirmed that Fujimori's mention that Peru is in possession of that site is just another falsehood. Gallardo said Fujimori is taking advantage of the fact he is at the end of his political campaign to act audaciously and to dare speak of oil-related privileges the Ecuadoran Army receives, an issue that is not his business. Gallardo encouraged Fujimori to correct his own errors.

Foreign Ministry Outlines Separation of Forces Timetable

PA0704003695 Quito Voz de los Andes in Spanish 2300 GMT 6 Apr 95

[From "The Voz Andes Newscast"]

[FBIS Translated Text] Ecuadoran Foreign Ministry representative Diego Estace announced in Patuca that the second stage of the separation of Ecuadoran and Peruvian forces and their withdrawal to rear guard positions, to be designated by each of the military commands, will take place starting today through 12 April.

Estace, who coordinates the military front's work from the Ecuadoran Foreign Ministry, reported that weather permitting, the operation should be carried out simultaneously by the two countries in seven days and under the observers' direct supervision. The first stage, which was uneventful and orderly, concluded yesterday as planned by the Ecuador-Peru multinational observers mission.

The separation of forces is part of the complex pacification process conducted by Ecuador and Peru in compliance with the Itamaraty Agreement. The demilitarization of the border area, the scene of armed clashes in January and February and a subsequent demobilization, is scheduled to take place after the separation of forces.

Defense Minister Jose Gallardo has proposed to the Rio de Janeiro Protocol guarantor countries the immediate demobilization of troops not directly engaged in the conflict, such as those stationed in El Oro and Loja Provinces. If the proposal is accepted, it would be implemented in a week so trade between the two countries can resume. Minister Gallardo expects Peru to act accordingly to make life easier for residents of Huaquillas, Macara, Zapotillo, Zumba, and other border villages.

Peace Urged for Sake of Social Development

95SM0266A Guayaquil EL UNIVERSO in Spanish 22 Mar 95 pp 6-1S

[Commentary by Gelio Ortiz: "Lasting Peace"; received via Internet]

[Text] While traveling the streets and byways of our cities and countryside, the grave problem of unemployment that afflicts our people is evident. Illnesses due to malnutrition have such an obvious effect, especially among infants, that, truly, the heart sinks on witnessing so directly and painfully so much misery. And not only does the heart sink, but the spirit rebels, as if one's blood were boiling and a spark of impotent rage were to fly up.

Then, how is it possible that so many people, so many corrupt politicians, can take the people's money with such impunity, so shamelessly?

These are problems of our contemporary antisocial society, the solutions for which have not yet been found; but there is an inescapable, vital commitment to keep searching until they are found, or certainly to die trying.

Credible or not, the figures on the cost of the undeclared war with Peru are in any case very high and, from what can be conjectured, this cost will be billed to the people, as always. If only some thought was given (let us use our capacity to think) this time to avoid placing new burdens, new suffering, on poor Ecuadoran families, which are those that supplied the heroic defenders of the fatherland, who sacrificed their lives in defense of our

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territorial integrity, which means the defense of the lives, the property, the businesses, etc., of all Ecuadorans... this is the truth, right?

Our intention today is to emphasize the necessity that the peace now being negotiated be stable and lasting.

Could it be possible somehow to give the fraternal people of Peru the opportunity to reflect deeply on the matter and to reach logical, correct conclusions on their own account, based on accurate information about the problem? That is, to reach the conscience of the Peruvian people to neutralize the effects of the disinformation that now prevails, and which constitutes one of the greatest obstacles to achieving permanent and secure peace and collaboration between the two peoples, so that we may be better able to take on the vital task of emerging from the underdevelopment that so seriously afflicts us.

Greater Political Openness Urged

95SM0266D Quito HOY in Spanish 29 Mar 95 p 0

[Commentary by Ernesto Alban Gomez: "Political Reform and Information"; received via Internet] txt [FBIS Translated Text] The secretary general of the administration has stated that political reform is unrenounceable, and he added that it would be implemented this year. It is surely absurd to suppose that it could be accomplished next year, during the electoral campaign. But it also seems to me that such a definitive and flat statement runs the risk of being refuted by changing and implacable reality—which happens so frequently in our politics, and even more so in a case such as this, in which the process of reform has already undergone so many changes that it is difficult to see exactly what is needed for it to be considered complete. At least from the government's point of view. In reality, we ordinary citizens know little about the current status of the reform process, since the items that were submitted to public referendum were approved and entered into force.

Fragmentary information has reached us about points on which there has been legislative agreement, but it seems that there are not many of these. Something has also been said about the presidential veto in relation to other points already approved by Congress. But information gaps remain about many other important questions. In the first place, an important question arises: How great a difference is there between the proposal presented by the executive and that which the Congress will approve? With a worrisome sequel: How far is the government willing to go in renouncing the points of view contained in its proposal and denied by Congress? And on specific matters, we do not know what to expect with regard to reforms that might have been made in such important matters as the structure and functions of the legislative branch, the organization of the judicial branch, the sectional system, constitutional oversight, and other matters about which we are in the dark.

In principle, there is one truth that must be made very clear. State reform, political reform, or whatever one wishes to call it, is not a matter of interest only to the government and Congress, and therefore to be transacted between those two state organisms to the exclusion of the rest of society. This of course is the constitutional procedure, but in a matter such as this the interests of the country are involved, and all Ecuadorans should be informed on a daily basis about what is happening, about the language that Congress is reviewing, and approving or disapproving. This is a minimum requirement, if one considers that the future of the country is at stake, and this instance causes such concern that it suddenly seems indispensable to establish a constitutional or legal mechanism, by means of which the country would know in each case what Congress is reviewing and approving.

In a true democracy, Congress cannot and should not approve laws or decrees by surprise, taking advantage of the circumstances of a favorable quorum or any other such formula. The country and its various classes and sectors should know in a timely fashion of the proposals that Congress is preparing to pass, and not just when events have been consummated with their publication in the official register. This is a message for the president of Congress.

Commentator Calls For Negotiations

95SM0266E Quito HOY in Spanish 22 Mar 95

[Commentary by Claudio Mena Villamar: "The National Concern"; received via Internet]

[FBIS Translated Text] It has often been repeated during this post-Cenepa war period that the government should initiate a process of consultation with representative sectors of society to shape a national position on the border problem with Peru.

In that connection, it is important to reflect on several points: in the first place, it is true that Ecuador, after signing the Protocol of Rio, changed its position with regard to that international agreement which is guaranteed by four friendly nations. The Ecuadoran position has changed, from the unilateral proclamation of its nullity to the honorable compromise, passing through the thesis of partial unfeasibility, which today is predominant. The variations on this theme have allowed the problem to remain unresolved, preserving a dangerous status quo, with an open and undemarcated border 78 kilometers in length.

This situation has caused conflicts such as the most recent, which was perhaps the longest and most serious. It will undoubtedly cause more in the future if matters continue in this present state of indefinition.

The profound sense of Ecuadoran society, about which any referendum is superfluous, is that the border problem must be resolved. It seems that the feeling is identical in Peruvian society. Therefore, we already have

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a national consensus. In the second place, the government does not need to consult the citizenry on the validity of the Protocol and the admission of its geographic unrealism which causes partial unfeasibility. This position has made possible the conduct of negotiations with the collaboration of the guarantor countries and the signing of the Itamaraty Agreement on the ceasefire, demilitarization, and demobilization of the Armed Forces of both countries.

Up to this point, the national position is virtually defined, because the next step, which will be the most difficult, is that of negotiations between the two parties—either direct, or with the assistance of guarantors, good offices, and mediators. Here, diplomacy will play the leading role. The just desire for access to the Maranon, which could be considered a national position, will be set aside for this stage of the negotiations and will have to be subject to agreement by the diplomatic representations of both countries. It will also depend on mutual concessions that both countries can make, reciprocally, which is provided for in the Protocol.

This instrument does not authorize Ecuador access to the Maranon, but neither does it prevent the parties from negotiating on this point and, as a last resort, negotiating clause six of the Protocol in the manner most favorable to Ecuador.

Because of all of the above, it seems clear that in the present situation there is no other position to define nor to consult about. The president of the Republic and our Foreign Ministry, in this final phase of the problem, have full powers to carry forward the negotiations, aware that each of the parties will be playing its cards to gain its maximum and its minimum aspirations, until an agreement is reached.

With regard to the nondemarcated section of the border, which will be Peru's main objective, it will be possible to resort to specialists' reports and arbitration—jointly, because one does not exclude the other. In fact, an arbitrator needs the assistance of experts before rendering his decision. In short, the so-called national position is already on the negotiating table.

Editorial Urges Renewed Economic Reform

95SM0266C Guayaquil EL UNIVERSO in Spanish 29 Mar 95 pp 4-1S

[Editorial: "War and the Loss of Liberty"; received via Internet]

[FBIS Translated Text] Among the many unfortunate consequences that war brings is the strengthening of the coercive force of the government. Patriotism, and the feeling of unity and brotherhood with others, facilitates the imposition of measures that restrict liberty—measures that the people would have opposed if it had not been for the war. What is happening to us is clear. A tax is imposed on transportation, VAT collections are increased, and—God be praised—even the political parties decide to donate their subsidies to national defense. Under the pretext of the war, the imposition of a 48-hour work week is sought, as well as an increase in the number of days of classes. As laudable as the results may be, the methods are coercive, and what is imposed by force does not work over the long run. It is not that I am opposed to these measures; what I fear is that they will become permanent and that in the name of an arms race, the obesity and the interference of government will continue to grow.

During a war, freedom of expression is limited (in Peru, the communications media were practically gagged), and freedom of association and movement give way to the curfew. There is no instance in history in which there was more freedom after a war than before. This is why those who are ambitious for or live for power, those with authoritarian tendencies, are more disposed to go to war than are lovers of freedom and democracy. Because democracy distributes power, it is more difficult for truly democratic people to go to war. The nationalist spirit that arises from external threat facilitates despotism. Tyrants have always justified themselves with the "common good" to carry out their plans. Hitler, Mussolini, and Franco called themselves "nationalists"; the "fatherland" was the banner they used to subjugate their own and other peoples.

This observation may serve to put us on guard against the consequences of this latest scuffle with Peru. There is no doubt that the border problem is a sword of Damocles hanging over our freedom and our progress. The modernization process is in serious danger, political reform is almost paralyzed. However, we can never be politically nor economically strong if we continue to embrace the mercantilist-cum-socialist model of the past. Economic liberalization must continue, despite the protests of the truckers, of the bodywork manufacturers, of the powdered milk producers, etc. No country has ever developed without opening itself up to the world, without facing the challenge of international competition.

What could be learned from this war is the necessity of bringing about a state administration similar to that demonstrated by our Armed Forces. The values, attitudes, and behavior that prevailed among the members of the Army, Navy and Air Force—from the most decorated general to the humblest recruit—should serve as an example to the rest of the public sector. Discipline, dedication and respect for authority were apparent. What would have happened if our recruits had formed a "defense committee for recruits' rights" and had gone on strike?

What would have been the outcome if the officers decided to leave the country in search of "international support"? The Armed Forces showed how the people should be served: not with strikes. If the public-sector employees behaved as have the members of the Armed Forces, our country would be a very different one.

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Paraguay

Supreme Court President Interviewed on Immediate Needs

PY0604171495 Asuncion NOTICIAS in Spanish 6 Apr 95 pp 4-5

[Interview with Supreme Court President Oscar Paciello by unidentified reporter on 5 April; place not given]

[FBIS Translated Text] [NOTICIAS] How will the Supreme Court handle the inadequacy of current laws?

[Paciello] The Constitution is quite clear when it gives the Supreme Court the prerogative to propose new legislation. If during our work we see that there is a need of specific legislation in this or that area, we will propose changes. We must learn to work together with Congress and the Executive Branch.

We will suggest appropriate changes to overcome given needs. We have a lot of work here, as we must not only apply the law, but we also have to suggest new legislation and have it approved in order to further the idea of fast, guaranteed, and cheap justice.

Decisions by Consensus

(The Supreme Court president made it very clear what all the new justices' intentions are.)

[NOTICIAS] Will the president assume most of the responsibility for Supreme Court decisions?

[Paciello] This court has established, as a general criteria, that all decisions will be approved by consensus, democratically and by consensus.

(Here Paciello recalled the way he was elected Supreme Court president. He said his election "was done in an amicable and friendly way.")

[NOTICIAS] The new court is divided into chambers. Will the members also work in the same way in the different chambers?

[Paciello] No one is thinking about creating three parallel courts. The division is only administrative. The court is divided into chambers solely in order to divide the work according to different functions. Members will work in different chambers, but this does not mean they will not be able to take over other tasks.

There is a very strong desire to make all decisions democratically. We want to discuss all issues thoroughly, without consideration of work or time. We will work until midnight if necessary.

[NOTICIAS] Did the court designate its representatives before the Council of Magistrates to replace former justice Francisco Pussineri Oddone?

[Paciello] That is a matter we must resolve in the next few days.

Resignation of Public Officials

(Oscar Paciello finally talked about what the public servants' attitude should be. As a matter of ethics they should place their resignations at the disposal of the new court.)

[Paciello] Theoretically, it is the duty of those occupying positions of trust to place their resignations at the disposal of the court. I suppose they will do that. None of them are probably aware that I was elected president, and I think I will be hearing from them in the next few days.

Peru

Fujimori: Another Self-Staged Coup 'Unjustified' Now

PY0604200995 Madrid EFE in Spanish 1652 GMT 6 Apr 95

[FBIS Translated Text] Lima, 6 Apr (EFE)—Peruvian President Alberto Fujimori said today he does not regret the self-staged institutional coup of 5 April 1992, in which he dissolved Congress. He added that another one was "unjustified."

Fujimori thus refuted suppositions in the media about another coup, should he—the most popular candidate in recent polls—not obtain a majority in Congress during the Sunday, 9 April elections.

Polls indicate that Fujimori will be elected with more than 50 percent of the votes and that a runoff will be unnecessary.

The same polls also reveal that the governing coalition, Change 90-New Majority, will obtain less votes than Fujimori in the Congressional elections and will thus not be the majority bloc in the next Congress.

Pointing out that the political situation that prevailed in Peru three years ago justified a "Fujimorazo" [self-staged coup and dissolution of Congress], the president said the objectives of that drastic measure "have been fulfilled."

"These objectives—which included the defeat of terrorism, chaos, and hyperinflation—have already been fulfilled and, therefore, a similar measure under the current circumstances cannot be justified."

Fujimori added: "We must never forget the car-bombs that exploded every day in 1992, the policemen and civilians who were murdered, and the terrorists who fled through the main and back entrance of prisons. At that time the measure was justifiable."

On the third anniversary of the self-staged coup, the leftist opposition staged a march along the streets of Lima "to emphasize democracy and a clean electoral process."

The demonstration almost ended in tragedy when the demonstrators marched into a restricted area near the

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Air Force headquarters which caused the military to fire numberous shots into the air.

Fujimori To Obtain 'Overwhelming' 52% of Vote

PY0704032495 Buenos Aires TELAM in Spanish 2144 GMT 6 Apr 95

[FBIS Translated Text] Lima, 6 Apr (TELAM-SNI)—The latest polls today indicated that the incumbent president seeking reelection, Alberto Fujimori, will obtain an overwhelming 52 percent of the votes, while Javier Perez de Cuellar will rank second with only 20.5 percent.

If everything comes out as the opinion polls have indicated, Fujimori will be reelected president of Peru in the first round, for the term that expires in the year 2000.

Lima Mayor Ricardo Belmont and American Popular Revolutionary Alliance (APRA) candidate Mercedes Cabanillas will come in third. Both of them will obtain 5 percent of the votes.

Economist Alejandro Toledo, who is running for the Code [Democratic Coordinating Movement]-Peru Viable Country ticket, will rank fifth in the voters' preference. The remaining nine candidates will obtain less than 2 percent of the votes each.

The polls have indicated that one-sixth of the 25 percent of undecided voters will vote for Fujimori.

The new president will govern with a divided congress because the legislators of the ruling Change 90-New Majority party will obtain 34 percent of the seats in congress; the Union for Peru Movement (UPP), Perez de Cuellar's party, will obtain 10.6 percent; and the other political parties will divide among themselves the remaining 50 percent.

These figures were released to the foreign press by members of DATUM, APOYO, IMASEN and CPI (Peruvian polling companies), the four leading Peruvian polling companies which conducted a poll among an average of 1,300 Peruvians.

This informaton cannot be disseminated within Peru because, in compliance with the law approved in 1983, it is forbidden to publish election poll results in the 15-day period preceding the elections.

Political, Labor Groups Protest Fujimori Administration

PY0604143895 Lima Global de Television Network in Spanish 0130 GMT 6 Apr 95

[FBIS Translated Text] Today a group of members of labor unions and political organizations staged a march in support of democracy and a clean electoral process.

An incident took place at the beginning of the demonstration involving Air Force headquarters guards, who fired shots into the air to prevent the demonstrators from marching past this restricted area.

After the incident had been overcome the demonstrators proceeded to the Plaza San Martin, where a meeting is still being held.

[Begin live relay by unidentified reporter] [crowd is heard chanting: "The fatherland is not for sale"] After three years, labor union members and political parties have rejected the self- staged coup of 5 April 1992. At the beginning of the demonstration, which began near the Air Force headquarters, a squad of Air Force guards tried to prevent the demonstrators from continuing their march. After several minutes of tension due to a military deployment, the demonstrators continued their march, protesting with loud voices against the current administration.

The march ended with a meeting at the Plaza San Martin, where the demonstrators burned a coffin with a photograph of President Alberto Fujimori. Gustavo Mohme, a congressional candidate for the Union for Peru Movement, addressed the crowd. The demonstrators then continued their march toward the National Election Board. [end relay]

JNE To Study Charges Raised Against Fujimori

PY0704032295 Madrid EFE in Spanish 2133 GMT 6 Apr 95

[FBIS Translated Text] Lima, 6 Apr (EFE)—Peru's National Election Board (JNE) today confirmed that it has accepted charges raised against President Alberto Fujimori for alleged violations of the election campaign law.

The charges, raised by the opposition coalition United Left (IU), state that Fujimori engaged in political campaign activities a few days ago while presiding over an official government ceremony in his capacity as head of state.

This law specifically forbids the president from campaigning on his own behalf or on the behalf of any other candidate while exercising his official duties. The law also establishes fines for violators.

JNE member Guillermo Rey Terry has confirmed that the IU charges have been officially received. He added that they will be discussed and reviewed "probably today or tomorrow."

Rey reported that the original schedule [programa original] to be used for the counting of votes on 9 April will be sealed in a box on 8 April during a public ceremony before the presence of OAS delegates and political party leaders.

Rey Terry said: "The original will be kept so that whenever they wish to do so, the political party representatives may compare it with the one to be used in the vote counting process."

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Rey Terry also confirmed that in compliance with the opposition's request, JNE officials and not military officers will be entrusted with distributing original vote tally proceedings records of all voting stations to all the regional election boards.

It is expected that a total of 100 OAS delegates, headed by OAS Secretary General Cesar Gaviria, in addition to 4,400 observers from the "Transparencia" civilian group, will be overseeing the 9 April general elections.

Approximately 12 million Peruvians will be voting on 9 April to elect a new president, choosing from among 14 candidates. They will also be electing a new unicameral congress comprised of 120 representatives, choosing from among 2,343 congressional candidates.

Role, Growing Popularity of Independent Parties Viewed

PY0704035395 Madrid EFE in Spanish 0918 GMT 5 Apr 95

[FBIS Translated Text] Lima, 5 Apr (EFE)—The independent political parties, the main protagonists of Peruvian politics since 1985, are also the main protagonists of the general elections to be held in Peru on Sunday, 9 April.

These parties not only appear as the most popular in the electoral polls, but have imposed a new way of dealing with politics different from that of the traditional Peruvian political parties, which have receded somewhat in the Peruvian political scenario.

The following are the main independent movements: Change 90-New Majority, headed by President Alberto Fujimori; Union for Peru Movement, headed by former UN Secretary General Javier Perez de Cuellar; and the Democratic Coordinating Movement-Peru Feasible Country, headed by Alejandro Toledo.

These parties are followed, with a growing popularity, by the Renewal Movement, headed by legislator Rafael Rey; the Independent Moralization Front (FIM), also headed by a legislator, Fernando Olivera; and, although a weaker party, the Obras Civic Movement of Lima Mayor Ricardo Belmont.

The "historical" or traditional Peruvian political parties, which were very popular at the national level until 1990, are currently less popular among constituents.

These parties are: The American Popular Revolutionary Alliance (APRA), of former president Alan Garcia; the Popular Action (AP), of Fernando Belaunde, who served twice as president of the country; the Popular Christian Party (PPC), which belonged to the governing coalition during Belaunde's second term in office; and the United Left (IU), the second most popular political party in Peru until 1985.

The new political class that has surfaced in Peru rejects "traditional politics" and the models of a state-run economy, and proposes pragmatic solutions to the country's problems, within the framework of a "modern and competitive" market economy.

The reason why Peruvians are turning to the independent parties can be attributed to the failure of the "historical" parties, which were unable to solve the overall crisis, contributing instead to its aggravation when they came to power.

The last administration governed by a party was that of Alan Garcia (1985—90), who won due to an electoral strategy designed basically to attract the independent vote.

Garcia, who has an exuberant way of talking, has been the most brilliant Peruvian politician of the past several years; "therefore, the failure of his government affected the entire political class," according to analysts.

During Garcia's administration, the size of the state apparatus grew by thousands of bureaucrats and its inefficiency increased, corruption reached very high levels, inflation reached an average two percent per day, and terrorism took control of vast regions of the Peruvian territory.

The first important victory of the independent political parties took place in 1989, with the election of television businessman Ricardo Belmont as Lima mayor.

At the polls, Belmont defeated the candidates of all traditional parties and the emerging movement "Freedom" of the reknowned author Mario Vargas Llosa, who at that time was the great favorite candidate for the presidency.

One year later, in 1990, Vargas Llosa was humiliated at the polls by an engineer and expert in mathematics who was unknown until one month before the elections—current President Alberto Fujimori.

In November 1992, after the self-staged coup of 5 April of that same year, Fujimori won the elections for the new Congress and the historical parties were virtually relegated to the background by other independent groups, which then became the second national force.

In 1993 Belmont, heading his movement "Obras," once again won an election, this time a referendum to approve the new Constitution.

The traditional parties, by contrast, are now struggling to obtain the minimum five percent of the vote needed to avoid losing their right to run in elections.

Uruguay

Connection in Argentine Arms Scandal Viewed

PY0704005895 Montevideo BRECHA in Spanish 31 Mar 95 p 7

[Article by Samuel Blixen]

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[FBIS Translated Text] During the middle of February, while the Foreign Ministry was making every effort to achieve a rapprochement between Ecuador and Peru at a time when the undeclared border war was at its most critical point, Uruguay helped with the supplying of weapons that could be used in the conflict.

The efforts of Foreign Minister Sergio Abreu bore fruit on 1 March, when Peruvian President Alberto Fujimori and Ecuadoran President Sixto Duran Ballen, who were in Montevideo for Julio Maria Sanguinetti's inauguration, accepted the terms of a cease-fire that had been negotiated by their foreign ministers during a meeting of the guarantors of the Rio de Janeiro Peace Treaty.

Around that same date, a cargo of weapons, mainly cannons valued at $33 million, that a corporation in Uruguay, Hayton Trade, had allegedly sold to Venezuela, arrived in Guayaquil.

The double-faced approach on the part of Uruguay, which, on the one hand, supports a foreign policy that calls for the peaceful solution to controversies and maintains, on the other, a legal structure that allows secrecy for every type of trade triangulation, without state control, was made evident when it was discovered in Buenos Aires that the Military Industries enterprise, which is in charge of the Defense Ministry and which today is in the trusteeship of a person close to President Carlos Menem, was secretly selling weapons to countries that were fighting a war, thus violating the embargoes that had been decreed by the United Nations.

The international scandal, which places Argentine Defense Minister Oscar Camilion on the brink of the abyss, was revealed by the Buenos Aires daily CLARIN when it reported that a cargo of 75 tons of weapons, which were allegedly headed for Venezuela, ended up in Ecuador.

The investigations revealed that the sale of the weapons had been authorized through a secret decree signed by Menem, and that it had been loaded at the beginning of February on to a vessel flying the Maltese flag that had Barcelona as its first destination and then La Guaira Port, Venezuela. During the next few weeks the weapons were transported to Guayaquil in planes belonging to the U.S. corporation Fine Air.

The operation consisted of a trade triangulation: Military Industries sold the weapons to an intermediary, a financial investment enterprise (SAFI), with its seat in Uruguay. Hayton Trade, domiciled at 1334 Treinta y Tres St., Montevideo, negotiated the sale to Ecuador and it was the intermediary in the bank transfers, thus camouflaging the final destination of the cargo. The weapons never entered Uruguayan territory, but Uruguay figured as the country of origin for the export of the weapons due to the special prerogatives that our country has given the SAFI to carry out off shore [preceding two words in English] financial operations and to carry out trade triangulations.

Another Uruguayan SAFI, Debrol S.A., carried out an identical operation and made it easy for a cargo of 25,000 FAL automatic carbines, 25,000 grenades, 6,000 antipersonnel mines, and 6 million bullets, all of them manufactured in Argentina, with Panama as the destination, to ultimately end up in the former Yugoslavia in order to feed the war between Serbs and Croatians.

Both Hayton Trade and Debrol S.A. belong to the same people. According to a charge that was made in Buenos Aires, they are "front" corporations that operate under the cover of Uruguayan corporations to carry out banned deals. The two corporations have the same address in the Old City in the Registry of Commerce, and it is the address of an accounting firm.

A representative of this firm, accountant Roberto Blankleider, explained that his participation in the episode was reduced to the creation of the two corporations and their sale to third parties. Using the confidentiality and administrative and banking secrecy that benefit the SAFI as a shield, he declined to give the identities of the real owners of Hayton Trade and Debrol S.A. He said he does not want to become involved in an affair that has nothing to do with him, even though his firm allows the front corporations to use his address.

It seems that it is usual practice for lawyers and accountants who create corporations to allow their offices to be used as the domicile of corporations whose activities are completely hidden behind secrecy. Regarding the prerogatives of the SAFI, the most spectacular affair refers to the [former Brazilian President Fernando] "Collor scandal," when it was evident that the legal firm of former Economy Minister Ignacio de Posadas administered the corporations of the businessmen who were involved in the collecting of commissions in order to obtain contracts from the Brazilian Government.

Up to the present time, secrecy has maintained the anonymity of the real intermediaries in the clandestine sale of weapons through the Uruguayan market. Only the names of the founders of Hayton Trade are found in the Registry of Commerce: Daniel Angel Perez Blanco, Marisa Cristina Gonzalez Silvestri, and Notary Public Valentin Katz Elbert, who registered the SAFI on 17 March 1993.

The very limited information that was available prompted Broad Front deputies Guillermo Chifflet (PS) [Socialist Party], Jose Bayardi (VA) [Artigas Sector], Jose Mujica (MPP) [People's Participation Movement], and Pedro Balbi (PCU) [Uruguayan Communist Party] to submit a request for information to the economy minister demanding details concerning the board of directors, balance sheets, and payments to the tax office of the two corporations in question. A good shot wasted.

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